

***From Globalization to Slowbalization:
Impact on SMEs in a Varied Economic Context – A Comparative
Case Study of Italy and Taiwan***

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From Globalization to Slowbalization: Impact on SMEs in a Varied Economic Context – A Comparative Case Study of Italy and Taiwan

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Abstract

The phenomenon of *slowbalization* refers to a shift from the traditional economic order of globalization to a less globalized one, marking the beginning of a new, “slower” economic phase. This new phase is subject to the consequences of Covid-19, geopolitical conflicts, tariff policies, and a vulnerable supply-chain environment, which have created an uncertain situation for small and medium-sized enterprises (SMEs). Therefore, this exploratory research analyzes the perceptions and impacts of slowbalization on SMEs through a comparative case study of Italian and Taiwanese firms. The study focuses on Italy and Taiwan as both economies rely strongly on SMEs, whereas slowbalization has global effects across locations. The study follows a qualitative methodology, using in-depth interviews as the method of data collection. Through thematic analysis of two case studies, the research contributes to understanding how SMEs from Italy and Taiwan perceive and respond to slowbalization in terms of opportunities, challenges, and strategic adaptation. Lastly, the researcher’s findings suggest that SMEs from both countries have experienced complications in business progress due to the turbulent international context—marked by rising trade tensions, production costs and geopolitical uncertainty. Yet, their internationalization’s level remains a priority. Both Italian and Taiwanese SMEs emphasize risk diversification and innovation as still the key strategic goals for SMEs in order to grow: Italian firms invest primarily in partnerships and R&D—Market and Product Development, whereas Taiwanese firms focus on technological innovation and supply-chain resilience—Diversification and Market Development. Overall, the study illustrates that, despite sharing a similar organizational scope and economic role as SME-driven economies, Italian and Taiwanese firms adopt distinct strategies to adapt and remain competitive under slowbalization.

Keywords: Slowbalization; Globalization; SMEs; Internationalization; Italy; Taiwan;
Qualitative cross-nation study; Business adaptation

全球化趨緩對中小企業影響研究：以多元經濟脈絡為分析視角— 義大利與臺灣比較性個案研究

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摘要

「全球化趨緩」(Slowbalization) 指的是全球經濟秩序由傳統的高度全球化轉向較低度全球化的結構性變化，標誌著一個更「緩慢」的新經濟階段的開始。此階段受到 COVID-19 疫情、地緣政治衝突、關稅政策以及供應鏈脆弱性等因素的影響，為中小企業 (SMEs) 帶來高度不確定的局勢。因此，本探索性研究透過義大利與臺灣企業的個案研究，分析全球化趨緩對中小企業的認知與影響。聚焦於義大利與臺灣，因為兩國經濟皆高度依賴中小企業，而全球化趨緩的效應具有跨地域的全球影響。研究採用質性方法，透過深度訪談蒐集資料。以兩個個案的主題分析，旨在理解義大利與臺灣的中小企業如何在「機會」、「挑戰」與「策略調適」層面上感知並回應全球化趨緩的現象。研究結果顯示，在動盪的國際環境下，兩國的中小企業皆因貿易局勢緊張、成本上升與地緣政治不確定性而面臨經營困難，然而其國際化程度仍為優先考量。義大利與臺灣的中小企業皆強調「風險分散」與「創新」是企業成長的關鍵策略目標：義大利企業主要透過夥伴關係與研發投資——採取「市場開發」與「產品開發」為對應策略；而臺灣企業則著重於技術創新與供應鏈韌性——選擇「多角化」與「市場開發」對應策略。整體而言，本研究指出，儘管義大利與臺灣同為以中小企業為主體的經濟體，具有相似的組織結構與經濟角色，但兩者在全球化趨緩的背景下，採取了不同的策略以適應環境並維持競爭力。

關鍵詞： 全球化趨緩；全球化；中小企業；國際化；義大利；臺灣；質性研究；比較研究；策略調適

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Globalization has always been a fascinating topic that has grasped my attention for its immense scope and influence on both the international environment and individuals' lives. Since the beginning of my academic journey in the Wenzao Department of International Affairs, I have been deeply interested in researching and gaining an understanding of such a complex yet beautiful phenomenon. Through this research process, I had the opportunity not only to learn theoretically but also to apply this knowledge in a concrete way by developing case studies from regions with which I have personal connections.

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I hope this research paper will be received positively, contributing to the enrichment of this academic field and serving as an insight for future research development.

1. INTRODUCTION

1.1 Background

The impact of globalization on small and medium enterprises (SMEs) has been a relevant area of study, as it has increased the economic synergy of the world through trade volume and variety of goods, trade, and the international movement of technology, information, labor, and financial capital. In economic polemics and generally everyday life, *globalization* has taken a major role as been among one of the most interpreted words. A lot has been discussed about it, but what does it mean? Has it remained unchanged while deeply influencing the world economy? In the following chapters, the author will examine the background and development of globalization, the emergence of “slowbalization” and connection to the study issue of Italian and Taiwanese SMEs.

Over the past century, particularly since 1820, globalization has significantly shaped the world and its economy. In the late 19th and early 20th centuries, globalization sparked rapid growth in the interconnectedness of global economies and cultures. This transformation brought both opportunities and challenges for political and economic entities worldwide. As the world become more interconnected, globalization played a major role in expanding international trade, enhancing cross-border communication, and fostering global integration.

A publication by the United Nations Economic and Social Commission for Asia and the Pacific (ESCAP) describe globalization in this way:

“For the economist, globalization is essentially the emergence of a global market. For the historian, it is an epoch dominated by global capitalism. Sociologists see globalization as the celebration

of diversity. [...] To the political scientist, it represents the gradual erosion of State sovereignty.”¹

Therefore, based on different disciplines, globalization may be treated as a phenomenon, a philosophy, and a process. It’s indeed challenging to explain the whole concept of globalization and find an all-encompassing explanation; however, as stated by the ESCAP publication, globalization affects human beings as profoundly as any previous event. While it is indeed a complex reality that included different fields of study, this research confines its attention to the economic aspects and relevance on businesses.

Therefore, the world trade and international investment encountered a set of transformations made possible by globalization and its forces. Scholars emphasizes four key themes regarding economic globalization which are:

- a) **Trade:** trade barriers fall in economic globalization, creating a world economy with the objective that everyone benefits.
- b) **Finance:** international production networks led by multinational firms and the phenomenon of outsourcing, drove the rise of global capital and foreign direct investment (FDI).
- c) **Communication:** thanks to the technological advancements, and especially the appearance of the Internet after the 1990s, communication have greatly increased economy-wide efficiency in production and trading.
- d) **Transport:** the expansion of international trade created a corresponding demand for more transportation systems.²

¹ United Nations Economic and Social Commission for Asia and the Pacific. *Meeting the Challenges in an Era of Globalization by Strengthening Regional Development Cooperation*. New York: United Nations, 2004.

² Same as above.

To sum up, these developments have been the driving forces of globalization in recent years. Moreover, the growing interconnectedness between them have allowed trade expansion to create additional demand for finance, communication, and transport. The result is a global network that brings countries closer together, giving the green light for globalization in the world economy, at least over the past few decades.

1.1.1 Globalization Development: A Shift Toward a Sinister Outlook

There is no single, all-encompassing definition of globalization, notes the Nobel Prize-winning economist Amartya Sen.³ But according to the academic encyclopedia of Oxford Reference, globalization is the increasing worldwide integration of economic, cultural, political, and social systems.⁴ During the years, societies have achieved great socioeconomic results thanks to a more globalized world, such as an increased level of gross domestic product (GDP), a rise of the global poverty line, technological advancements and job opportunities. In simply words, globalization is a complex practice that promotes economic growth and economic integration, by showcasing the importance of international organization and political economy cooperation.

Besides, globalization is an ongoing process that had shaped its structure through different timeline and phases due to major global events, human development and industrial revolutions. Therefore, the evolution of a more globalized world has strong relations with the industrial transformation that focuses on technological and industrial change. One of the major pushes for globalization's development is the

³ Amartya Sen, "Globalization: Past and Present," *Ishizaka Lectures* 18 (2002).

⁴ Oxford University Press. n.d. "Globalization." *Oxford Reference*. Accessed March 25, 2025. <https://www.oxfordreference.com/display/10.1093/oi/authority.20110803095855259>

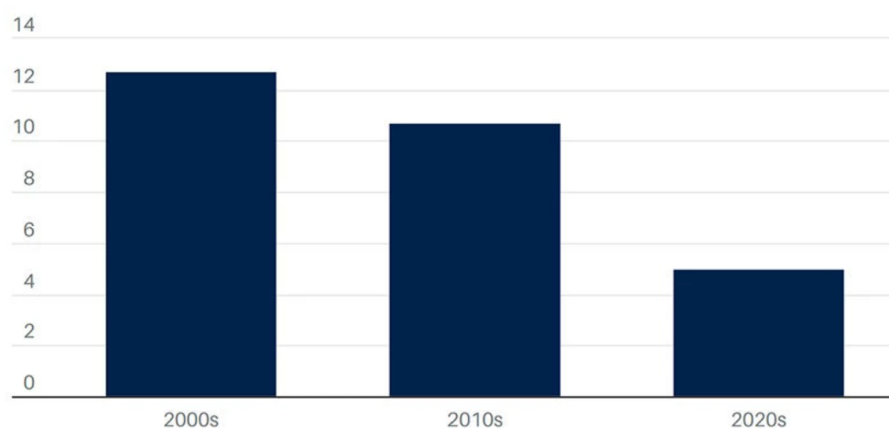
industrial revolution occurred in the late 18th century in Britain that brought great advancements in production and technology. Over the years, industrial development has evolved into five main Industrial Revolutions (IRs), shaping globalization and generating significant global impact in terms of production, transportation, telecommunications, and warfare advancements (the theme of revolutions will be resumed in the literature review later).

Described by economist Alicia García-Herrero as “*probably the most prominent economic process in the 21st century*”, globalization has interconnected economies and fueled economic growth, creating winners but at the same time losers of this phenomenon.⁵ Critics counter that local traditions have been undermined, the environment has suffered, and inequality has increased as a result of globalization.

One initial data to consider that shows a shift from the traditional economic order is a decline in the trade agreements. As we can see from the following figure, agreements signed around the world have declined in recent years.

Figure 1. A Decline in Regional Trade Agreements

(Nations are becoming less inclined to engage in new trade partnerships.)



Note: Average number of new trade agreements yearly, excluding those signed by the UK.

Source: World Bank; World Trade Organization;

https://www.wto.org/english/news_e/news24_e/trdev_11dec24_e.htm

⁵ García-Herrero, Alicia. 2022. "Slowbalisation in the Context of US-China Decoupling." *Intereconomics*, 57 (6): 352–358.

There is a clear slowdown in global trade. According to the World Trade Organization (WTO), less and less trade agreements have been signed each year in comparison with the 2000s. At the same time, many countries keep adding new trade restrictions—almost 3,000 in 2023, which is about five times more than in 2015.⁶ This growing protectionism helps explain why global trade and investments have both been losing comparative advantages in recent years. In this way, recent crises—including financial shocks, pandemics, tariffs barriers, and geopolitical tensions—have slowed its progress, leading to skepticism and the rise of both challenges and its slowdown, often referred to as “slowbalization”. This trend raises a sinister look on globalization, posing challenges to trade, investment, and global economic stability.

1.1.2 Globalization Challenges: Its Winners and Losers

On the one hand, the researcher saw the successful impact of globalization and the essential role that it had in global economic history. Thomas Friedman, in his work *The World Is Flat* (2005), claimed that '*The world is being flattened... and you can't stop it, except at great cost to human development and economic progress.*'⁷

Hence, Friedman emphasized three key points regarding globalization:

- 1) Globalization is inevitable. Due to advances in technology, communication, and the spread of the Internet, the world is becoming more interconnected.

⁶ World Bank; World Trade Organization;
https://www.wto.org/english/news_e/news24_e/trdev_11dec24_e.htm

⁷ Thomas L. Friedman, *The World Is Flat: A Brief History of the Twenty-First Century* (New York: Farrar, Straus and Giroux, 2005).

- 2) Resistance to it is costly. Through protectionism, innovation and economic growth would be harmed if trying to stop or slow down this process, because under optimal production conditions, marginal utility is maximized.
- 3) Adaptation is essential. In order to take advantage and remain competitive, individuals, companies, and countries must adapt to change instead of resisting it. The ability to adjust to new circumstances, technologies, and environments turns out to be crucial; through such adaptation, society makes progress.

On the other hand, scholars like Joseph Stiglitz argued that globalization, rather than being an unstoppable force for good, had deepened inequalities and created significant challenges that could not be ignored.⁸ So, it is crucial to focus on the drawbacks of this phenomenon and its historical downturns. The list of globalization achievements it's long, but as Stiglitz emphasized, it also leaves behind challenging issues that must be dealt with by many countries and organizations. Such challenges are unequal distribution of wealth, job displacement, potential supply chain disruption, and cultural homogenization as well as climate refugees.

Moreover, as a challenge for globalization, the world economy is facing global economic fragmentation or decoupling. Geopolitical tensions have raised the prospect that strategic competition and national security concerns may undermine the shared economic benefits of global trade and globalization. The International Monetary Fund (IMF) has highlighted that trade-policy uncertainty is one sign of fragmentation pressures, with trade-related uncertainty surging in recent years. This measure surged in 2018 during tensions between the United States and China, which have increased again following Russia's invasion of Ukraine. This led to sanctions on Russia,

⁸ Joseph E. Stiglitz, *Globalization and Its Discontents* (New York: W. W. Norton & Company, 2002).

creating uncertainty around future trade relations.⁹ As a result of these disruptions, countries now find it more difficult to access international markets, financial capital, and trade, creating a slower phase of globalization — the so-called “slowbalization”.

1.1.3 The Emergence of Slowbalization

As previously mentioned, slowbalization highlights the emergence of a less globalized, less interconnected mode; one that prioritizes trade among regional blocs and allies. The European Parliamentary Research Service (EPRS) noted in 2020 that slowbalization has been a worthy research issue precisely because of its increasing relevance and connection to economies, firms and possibly individuals.¹⁰ As discussed later on in this work, it is worth noting that some of globalization challenges—such as reduced control over operations and supply chains, trade imbalances in small economies, and pressure on local small and medium businesses—are related to the slowdown of the world economy and the phenomenon of slowbalization in recent years.

This shift signals a movement away from a small number of dominant global economic powers toward multiple political and economic centers. Prior to Covid-19, several trends, including purchase behavior in consumer preferences, rising purchasing power in emerging markets, and geopolitical factors like tariffs, stricter foreign investment regulations, and increased national-security concerns over technology trade, were already contributing to the slowdown—and even reversal—of globalization. The transition from globalization to slowbalization is not a sudden shift but rather a gradual process that has been unfolding over the past decade. As Benabed

⁹ https://www.imf.org/en/Blogs/Articles/2022/10/27/asia-and-the-world-face-growing-risks-from-economic-fragmentation?utm_source=chatgpt.com

¹⁰ Vadim Kononenko et al., *Slowing Down or Changing Track? Understanding the Dynamics of "Slowbalisation"* (Brussels: European Parliamentary Research Service, 2020).

& Monea indicated in their research work that the government and business should be aware the emergence of slowbalization will affect markets to adapt a new economic landscape.¹¹ These changes and slowdowns in the traditional global economy is characterized by low global trade growth, decreased foreign investment, unresolved trade disputes, and geopolitical concerns. As mentioned by Linsi in his work “Speeding Up Slowbalization”, the COVID-19 pandemic has intensified the slowdown of globalization, but this tendency was already occurring, it was already well underway before the outbreak of the pandemic.¹² The 2008 Crisis exposed vulnerabilities in global economic systems, leading many countries and companies to rethink dependence on single markets—including China. It forced global economic power somewhat toward emerging economies, including China itself. The tension between China and Western countries affected global supply chains.

In addition, the rise of protectionism, particularly in the form of trade tariffs and non-tariff barriers, has further accelerated the trend of economic slowdown. For example, President Donald Trump’s high-tariff policies further amplified the potential and opportunities for various regional economic centers. Scholars argue that globalization, with its trade and financial liberalization, has brought in the past decades strong US influence over the world economy, promoting American interest. Yet, Trump administration is seeking to dismantle the globalization system through the mechanism of tariffs. This deglobalization effort is being directed at China and at the so-called satellite countries—mostly European nations—which have seen their trade surpluses with US increase, advantaging themselves from globalization at the

¹¹ Anis Benabed and Madalina M. Moncea, “Slowbalization: Rising Trends for the Global Economy and Business,” in *Proceedings of the International Conference on Business Excellence* 18, no. 1 (2024): 283-94.

¹² Linsi, L. (2021). Speeding up “slowbalization”: The political economy of global production before and after COVID-19. *Global Perspectives*, 2(1), 24433.

expenses of the American population. This outcome emerged also due to the taken advantage of the so-called “American protective umbrella”. This has allowed the European members to disinvest in military spending and instead invest in public welfare and a higher standard of living. So, levels of international economic integration are unlikely to keep growing at the pace that they did in preceding decades.

Lastly, building on recent scholars’ works under the *European Parliamentary Research Service*, the research uses five pathways of globalization to illustrate an overall slowdown.¹³ The final findings of the five pathways are the following:

- i) Trade: cross-border trade in goods and services has slowed due to factors like changing tariff policy and supply chains, accounting rules, protectionism, and COVID-19.
- ii) Finance: global financial openness declined after the 2008 crisis, but international regulatory cooperation increased—until recently.
- iii) Inequality: income inequality, fueled by hyper-globalization and policy choices, has persisted through the slowbalization era and is expected to continue post-COVID.
- iv) Social interactions: tourism and migration remained strong until the sudden arrival of the pandemic.
- v) Digital exchanges: cross-border data flows have kept growing and may accelerate further due to the heavy social distancing and restrictions on international travel during Covid time.

¹³ Jana Titievskaia, Vadim Kononenko, Cecilia Navarra, Carla Stamegna, and Klemen Zumer, *Slowing Down or Changing Track? Understanding the Dynamics of “Slowbalisation”* (Brussels: European Parliamentary Research Service, December 2020), PE 659.383.

Slowbalization is indeed a reality that the world economies have faced since the 2008 global financial crisis, and later on, intensified by the Covid-19 pandemic and the trade war. Except for the increasing interconnection of digital exchanges—which has intensified the notion of the "death of distance"—these findings reinforce that slowbalization marks a structural shift in globalization. Economies and firms are now facing an increasingly fragmented global landscape.

1.1.4 Slowbalization as a Challenge to SMEs

Consequence of this slowdown is that countries as well as small and medium-sized enterprises (SMEs) find it more difficult to access international markets, technology, and trades as a result of global disruption. For SMEs, slowbalization poses a significant challenge, requiring them to adapt their business models in order to seize the remaining opportunities and stay competitive.

Therefore, flexibility and adaptability are the key to surviving the challenges posed by entering a new market or change the product line. More intensely than in the past, SMEs face a landscape in which technology and geopolitical tensions are transforming not only how businesses operate, but also how capital is conceptualized and mobilized. Facing changes and slowdowns in international trade, investment, integration into global value chains (GVCs), high trade barriers, and competition are challenges to local firms. Yet, it would be wrong to conclude that SMEs are giving up to global markets. As discussed later in this thesis, strategic partnerships and an adequate process of internationalization can be seized as counterweights to slowbalization.

Put simply, firms must adapt to this evolving phase of globalization, as the traditional business model may not be sufficient to ensure the survival or

competitiveness of SMEs. With the rising number of trade barriers and geopolitical risks, nations and businesses will potentially struggle to gain benefits from globalization like in precedent time

1.1.5 Why research on Slowbalization Impact on SMEs in Italy and Taiwan?

To begin with, an SME, or small and medium-sized enterprise, refers to a business that operates on a smaller scale than large corporations, with small number of employees and turnover. The overall SME definition by the World Investment Report is firms with revenues below \$15 million and fewer than 300 employees.¹⁴ As discussed in the next chapter, the specific definition of SMEs varies across countries and industries, and can also include factors like number of employees, annual turnover, and total assets. According to economics papers, SMEs have significant contributed to the process of globalization. Small and medium-sized companies are key players, or “Invisible Champion” in both production and job creation, being the backbone of entire economies. Yet, some specialist literature supports that globalization is exclusively related on large corporations or multinational enterprises (MNEs), overlooking that SMEs have been adapting to the world market, using modern technology and modern methods in process organization. Clearly, SMEs’ size represents both an advantage and a disadvantage. As stated by a World Economic Forum (WEF) report:

“SMEs tend to be less resilient than larger companies in absorbing external shocks; they are, however, more agile and quicker at seizing opportunities arising from change.”¹⁵

¹⁴ United Nations Conference on Trade and Development (UNCTAD), *World Investment Report 2022: International Tax Reforms and Sustainable Investment* (Geneva: United Nations, 2022).

¹⁵ R. B. Rajah and O. Woeffray, *Future Readiness of SMEs and Mid-Sized Companies: A Year On*, World Economic Forum, 2022.

Therefore, SMEs in advanced economy like Italy and Taiwan are beginning to face the “change” led by the uprising phenomenon of slowbalization, responding differently to global decoupling. The WEF report supports comparative analysis by emphasizing the global challenges and opportunities SMEs face, regardless of location, making a case for a cross-national study.

Briefly, Italy and Taiwan offer two distinct economic landscapes. On the one side, Italy has a more mature economy, being part of the G7 and having a large but stagnating economy. In addition, being part of the European Union (EU) offers both advantages (access to single market, funding) as well as constraints (monetary policy, budget rules). On the other side, Taiwan has a more innovation-driven economy, especially in IT industries with Taiwan Semiconductor Manufacturing Company (TSMC) producing an estimated 90% of the world's super-advanced “High-Performance Computing” chips, used to power smartphones, artificial intelligence applications, etc.¹⁶ The export-oriented Taiwanese economy has strong global integration, however, lacking formal recognition due to the geopolitical threats with the mainland China.

Even though Italy and Taiwan are two distinct economic entities, they both rely heavily on small and medium-sized enterprises as key drivers of the economy in terms of growth, employment, and innovation. SMEs take a significant part in their respective industries, strongly contributing to GDP, export markets, and industrial specialization. Accordingly, both countries have dealt with the up and downs of globalization in their economic history. Italy and Taiwan commonly have strong family-owned businesses, which had been influenced by globalization in their

¹⁶ The Guardian. “How Taiwan Secured Semiconductor Supremacy—and Why It Won’t Give It Up.” *The Guardian*, July 19, 2024. <https://www.theguardian.com/world/article/2024/jul/19/taiwan-semiconductor-industry-booming>.

development. Thanks to the features of liberalization, Italian and Taiwanese SMEs were able to gain business growth and opportunities. One example is the invention of bubble milk tea by the Hwa Gung Tea Manufacturing Factory, a now surprisingly famous drink that has spread throughout Asia and other nations. Yet, both countries' SMEs face challenges raised by the dynamics of globalization and slowbalization, which must be dealt with innovation and product excellence.

As mentioned before, SMEs are businesses whose employees and turnover are below a certain limit and each region classifies SMEs differently. Therefore, the next page Table 1 shows the SME classification criteria for the region of EU and Taiwan to illustrate a comparison—the EU defines SMEs primarily through employment size and turnover, whereas Taiwan applies industry-specific criteria that include capital and revenue in addition to employee count.¹⁷ (SME country-comparison will be resumed in the literature review later)

¹⁷ European Commission, *Commission Recommendation of 6 May 2003 concerning the definition of micro, small and medium-sized enterprises* (2003/361/EC), Official Journal of the European Union, L 124 (2003): 36–41.

Ministry of Economic Affairs (MOEA), *Standards for Identifying Small and Medium-Sized Enterprises*, Small and Medium Enterprise Administration, Taiwan, last amended 2023.

Table 1. SME Classification Criteria in EU and Taiwan

Region	Category	Criteria	Threshold
European Union (Italy)	Micro Enterprise	Employees	< 10
		Turnover	≤ €2 million
	Small Enterprise	Employees	Fewer than 50
		Turnover	≤ €10 million
	Medium Enterprise	Employees	Fewer than 250
		Turnover	≤ €50 million
Taiwan	Category 1 <i>(Manufacturing, construction, mining, quarrying)</i>	Capital	≤ NTD 80 million (≈ USD 2.42 million)
		Employees	Fewer than 200
	Category 2 <i>(Agriculture, services, transport, finance, etc.)</i>	Annual sales revenue	≤ NTD 100 million (≈ USD 3.03 million)
		Employees	Fewer than 100

Source: European Commission (2003/361/EC); Ministry of Economic Affairs Taiwan (2023); Author's design

1.2 Motivation

As mentioned before, Italian and Taiwanese SMEs are facing opportunities as well as challenges due to the globalization. Additionally, the business landscape of these two economies is even more under pressure through the uprising phenomenon of slowbalization. While globalization has historically offered both countries significant opportunities, slowbalization presents new challenges that require structural adaptation. In order to remain competitive, Italian and Taiwanese SMEs must focus

and invest in innovation. The researcher's interest in exploring this topic comes from his background in International Affairs and his personal experience living in both Italy and Taiwan. After the possibility of experiencing the different impacts of globalization on the two varied regions of Italy and Taiwan, the author is intended to understand how these dynamics shape local economies and regional development.

1.3 Research Purpose

Existing research primarily focuses on macro-level trade policies rather than examining how SMEs in specific national contexts are dealing with the economic slowdown. By analyzing how slowbalization affects Italian and Taiwanese SMEs, this study aims to bridge that gap comparing their strategic responses, challenges, and opportunities in a shifting global economy. The researching purpose is also to grasp and obtain a comprehensive understanding of how globalization is slowly shifting to slowbalization while impacting the economies and businesses, especially in this case SMEs, such as those of Italy and Taiwan.

1.4 Research Questions

The set research questions are:

RQ1: In what ways do Italian and Taiwanese SMEs perceive and interpret the global economic changes in the context of slowbalization?

RQ2: Will slowbalization influence the business performance of SMEs in Italy and Taiwan, particularly in terms of opportunities and challenges?

RQ3: Should SMEs in Italy and Taiwan adopt new business strategies and innovation practices in response to the impact of slowbalization?

1.5 Conclusion

The findings of this study aim to provide a clearer response to the situation faced by Italian and Taiwanese businesses in the context of slowbalization. After conducting qualitative research on the topic, the author will propose recommendations that SMEs can adopt to seize opportunities and mitigate the challenges brought about by the current slowdown and fragmentation of the global economy.

1.6 Limits

The primary data is limited only to a constraint number of interviews, which did not allow for more extensive research to be carried out. Due to the qualitative nature of data, the results may not fully represent all perspectives on the research issue. Time and firms' constraints also restricted the possibility of expanding the sample.

1.7 Delimits

The data analysis of the study will only focus on Italian and Taiwanese SMEs to enable a focused comparison between the two economies. Moreover, the sample is narrowed to specific SMEs with strong connection to the study topic, in order to provide optimal relevance and depth of the primary data. This focus allows for an exploration in detail of the experiences of SMEs both in Italy and Taiwan, while the qualitative research approach increases the possibility of gaining a deeper and more specific understanding of the study issue.

2. LITERATURE REVIEW

2.1 Introduction

This literature review addresses various theories of the process of how globalization is slowly shifting to slowbalization and how this change in the global economy is affecting SMEs, especially those of Italy and Taiwan. The theoretical background will provide mini-scale research that connects the literature to the research focus. In the last part of the literature review, the author will refer back to how Taiwan and Italy may experience or interpret these dynamics differently under slowbalization.

In this literature review, various theories are explored, highlighting their distinct characteristics. The aim is to critically reflect on how each approach helps explain the rise of slowbalization and its impact on SMEs. The focus will be on four main aspects related to the research problem, which consist in (1) globalization, (2) slowbalization, (3) small and medium-sized enterprises (4) Italy and Taiwan.

2.2 The Globalization Theory

2.2.1 Define Globalization

Globalization takes root from the word global which means universal and is a process of international integration that occurs due to the exchange of capital, products, world views, thoughts and other aspects.¹⁸ It encloses many aspects and affects the society both in a national and international level. Starting from economics, social culture, politics, science and technology, education, communication and many more. It is the process by which people around the world become increasingly

¹⁸ Bahtiar Aji Prasajo and Hendri Hermawan Adinugraha, "The Impact of Globalization and the Free Market on the Economic Growth of UMKM in Pekalongan," *JEMBA: Jurnal Ekonomi Pembangunan, Manajemen & Bisnis, Akuntansi* 3, no. 2 (2023): 126-30.

connected and interdependent. Scholars since more than half a century have deeply researched on this phenomenon.

Accordingly, it is also a complicated phenomenon that is often oversimplified.¹⁹ It would be an error to see globalization primarily as a feature of imperialism or western imperialism. The history of conquests and colonialism remains relevant today in many different ways such as persistent economic inequalities between nations, the spread of global languages like English, the continuous cultural tensions primarily in colonized countries, and the legacy of political borders drawn by western powers. Yet, it not only about imperialism. As stated by Sen, globalization is much bigger, much greater, than that.

To understand the nature of globalization, looking at the historical development it is essential. According to the World Economic Forum, the idea of a globalized world first appeared with the Silk Road that connected China to the western edge of Eurasian continent in the 1st century B.C.E.²⁰ Trade had stopped being a local or regional affair and started to become global. Clearly, the effects of these trades on the overall world economy were still minimal. As during the Age of Discovery (15th to 18th century), the first phases of globalization and cross-country relations are heavily characterized by the exchange of knowledge and less by the exchange of goods. This was until the “British” industrial revolution in mid-18th century that led to a great global impact in terms of production boost, transportation and warfare improvements.

Therefore, through travel, trade, migration, spread of cultural influences, and exchange of knowledge, globalization has contributed to the progress of the world.

¹⁹ Lucian Cernat, “Has Globalisation Really Peaked for Europe?” European Centre for International Political Economy (ECIPE) Policy Brief 08/2022 (Brussels, 2022), 1-10.

²⁰ World Economic Forum. 2019. "How Globalization 4.0 Fits into the History of Globalization." *World Economic Forum*. Accessed April 30, 2025. <https://www.weforum.org/stories/2019/01/how-globalization-4-0-fits-into-the-history-of-globalization/>

Sen supports that to have stopped globalization would have done irreparable harm to the progress of humanity. Moreover, this phenomenon is not new or even a “folly”²¹; since around centuries the global spread of science, technology and mathematics was changing the nature of the world. This “change” in the societies is often accompanied by technological advancements and revolutions.

Aa illustrated in the following table, scholars state that there are four main four main Industrial Revolution (IR) that introduce different aspects and concept about globalization, from IR 1.0 to IR 4.0.²²

Table 2. Overview of the Industrial Revolutions

<i>1st IR</i> (1760s - 1840s)	The era of mechanization that came up with steam and engines which boosted production started in 18 th century.
<i>2nd IR</i> (1870s - 1914)	The era of electrification that introduced electricity, steel production and internal combustion engine from the late 1800s to the begin the first world war.
<i>3rd IR</i> (1980s)	The era of globalization that witnessed the development and diffusion of computers, automation, telecommunications, the internet, and microprocessors started around 1980.
<i>4th IR</i> (2000s)	The era of digitalization that introduced artificial intelligence (AI), robotics, block chain, and crypto. Developed in 21 st century and being one of the main instruments of globalization.

Each industrial revolution accompanied the development of globalization as we know it today. It should be noted that during these four IRs, the main objective was on using technology to boost production and improve efficiency, often at the expense of

²¹ Amartya Sen refers to globalization as a “folly” to reflect how critics often see it as a harmful and foolish trend. However, he disagrees with this idea.
²² Anis Benabed, “The Recoil of Globalization and the Rising Aspects of Slowbalization, De-Globalization, Re-Globalization and Sustainability for Business and Companies,” *Ovidius University Annals, Economic Sciences Series* 24, no. 1 (2024): 22-30.

human well-being and environmental sustainability.²³ However, authors like Anis Benabed points out that there is fifth industrial revolution (5th IR) called personalization that is occurring recently. The focus of this last revolution is primarily on sustainability and the increasing interaction between people and the AI as part of the new phase of globalization.

5 th IR (emerging)	The era of personalization that promotes a closer partnership between humans and advanced technologies like AI, robotics, and IoT (Internet of Things). The objective is to boost productivity while creating safer, more sustainable, and resilient systems.
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Briefly, revolutions played a key role in globalization’s development as the scientific revolution helped to transform Europe, and later on, the industrial revolutions brought drastic technological advancements. These scientific and industrial advancement enable nations to produce goods at low cost and also become surplus states in production.

2.2.2 Economic Globalization and its Features

In economic globalization, national economies become interconnected and operate into the framework of the global economy.²⁴ According to scholars such as Botelho, four key factors have helped the rise of such a global economic landscape:²⁵

- a) the liberalization of trade and the elimination of cross-border barriers;

²³ PricewaterhouseCoopers India. 2022. *Decoding the Fifth Industrial Revolution*. Accessed April 30, 2025. <https://www.pwc.in/assets/pdfs/decoding-the-fifth-industrial-revolution-v1.pdf>.

²⁴ Benabed, *The Recoil of Globalization...*, 23.

²⁵ José Manuel M. Botelho, Iveta Mietule, Hanna Puriy, Irina Maksymova, and Volodymyr Kulishov, “Economic Diplomacy Strategy for the Recovery of the Slowdown of Globalization (Slowbalization),” *Journal of European Economy* 20, no. 2 (2021): 246-61.

- b) deeper economic integration thanks to the elimination of capital and regulatory controls;
- c) advances in technology and infrastructure (transport, roads, ports, airports) as well as lower communication costs;
- d) state intervention to support markets in times of failure.

Similarly, the United Nations Economic and Social Commission for Asia and the Pacific (ESCAP) publication supports that economic globalization has been driven by these four main forces, namely trade, finance, communications and transport.²⁶

First, trade barriers fall in economic globalization, creating a world economy with the objective that everyone benefits. After the shift from post-World-War II protectionism to liberalization through international organization such as General Agreements of Trade and Tariffs (GATT) and World Trade Organization (WTO), economies began to emphasize on free trade and free-market policies. The free market itself is trade that focuses on sales based on a supply and demand mechanism without the intervention of the government.²⁷ The function of the free market is a critical part of globalization's development, simplifying businesses to carry out their economic activities in the fields of imports, exports, transport, direct investment, joint-venture, franchising and etc.; in this way, economic activities become international as well as will be disrupted.²⁸ This free market has been going on for a long time, especially in the last century.

²⁶ United Nations Economic and Social Commission for Asia and the Pacific, *Meeting the Challenges in an Era of Globalization by Strengthening Regional Development Cooperation* (Bangkok: ESCAP, 2004).

²⁷ Prasajo, Bahtiar Aji. "The Impact of Globalization and The Free Market on The Economic Growth of Umkm on Pekalongan." *JEMBA: Jurnal Ekonomi Pembangunan, Manajemen & Bisnis, Akuntansi* 3.2 (2023): 126-130.

²⁸ Steven Brakman and Charles van Marrewijk, "Tasks, Occupations and Slowbalisation: On the Limits of Fragmentation," *Cambridge Journal of Regions, Economy and Society* 15, no. 2 (2022): 407-436.

Second, another key force that drives globalization is international finance. International production networks led by multinational firms and the phenomenon of outsourcing, drove the rise of global capital and foreign direct investment (FDI). FDI can be defined as “*an international investment within the balance of payment accounts. Essentially, a resident entity in one economy seeks to obtain a lasting interest in an enterprise resident in another economy.*”²⁹ It can take the form of building new facilities, buying or merging with existing businesses, or investing in a foreign company.

Third, technological developments have greatly increased economy-wide efficiency in production and trading thanks to the recent advancements of multimedia transmission, the technological advancements in Information Technology (IT), and especially the appearance of the Internet after the 1990s. Moreover, due to the innovations in transport and communication technology, the economic activity appears to be limited by the country’s borders, facilitating cross-border expansion. As a result, economic globalization fostered more collective and integrated ways of doing business, trade, as well as production. One key example is the role of the Global Value Chains (GVCs) in economic globalization, which GVCs refer to internationally dispersed production stages, allowing firms to specialize and optimize efficiency across borders.

Lastly, the expansion of international trade created a corresponding demand for more transportation systems. The growth in productivity within the maritime industry was realized through significant increases in both ships dimensions and the number of container ships. These developments have strongly contributed to a reduction in unit

²⁹ Eurostat, "Glossary: Foreign Direct Investment (FDI)," *Statistics Explained*, last modified June 2024, [https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Glossary:Foreign_direct_investment_\(FDI\)](https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Glossary:Foreign_direct_investment_(FDI)).

transport costs, diminishing the economic distance separating sources of raw materials, producers, and consumers. As a result, connectivity among nations improved, both internally and with neighboring countries, facilitated by the development of highways and road networks.

2.2.3 Globalization Impact on Nations and Firms

Building on the research of Alkharafi, Naeimah, and Alsabah, while through the features of globalization, nations and firms have achieved important progress regarding economic growth, they have also been put in a position of facing vulnerability.³⁰

On the one hand, nations enjoy the interconnectedness of a global economy through mechanisms such as comparative advantage, the adoption of new management technologies and techniques, and economic growth. At the same time, firms—both MNEs and especially SMEs—are able to take advantage of economic globalization thanks to market expansion, easier access to the global supply chain for resource and labor, and incentives of innovation and competition.

On the other hand, nations and firms must face the other side of the globalization coin, its respective issues. The challenges raised by globalization for nations such as trade imbalance, reduced economic sovereignty, and increased inequality and those for firms like economic pressure, reduced control over supply chains, and unethical practices in regions with weak regulations pose a questions mark on the benefits of globalization, especially if the previously mentioned issues tend to increase as globalization goes on.

Alkharafi, Naeimah, and Mariam Alsabah. 2025. "Globalization: An Overview of Its Main Characteristics and Types, and an Exploration of Its Impacts on Individuals, Firms, and Nations" *Economies* 13, no. 4: 91.

To summarize the economic aspect of globalization, the following Table 3. showcases the main contributions and challenges that nations and firms face due to a globalized economy.

Table 3. Economic Globalization Contributions and Challenges for Nations & Firms

	Contributions	Challenges
Nations	Specialization by comparative advantage	Trade imbalance in small economies
	Stimulates economic growth	Reduced national sovereignty
	Adoption of new management techniques and technologies	Increased inequality
Firms	Market expansion for business growth	Pressure on local small and medium businesses
	Access to global supply chains for resource and labor	Reduced control over operations and supply chains
	Incentivizing innovation and competition	Allows unethical practices in regions with weak regulations

Source: Alkharafi, Naeimah, and Mariam Alsabah. 2025. "Globalization: An Overview of Its Main Characteristics and Types, and an Exploration of Its Impacts on Individuals, Firms, and Nations" *Economies* 13, no. 4: 91;
Author's design

2.2.4 Summarizing Globalization Concept as both Beneficial and Harmful for SMEs

In align with globalization's contribution and challenges on countries, SMEs are both beneficiaries and victims of globalization. According to many scholars and

professors in economics such as Naradda Gamage, since 1990 there is a strong link between globalization and SMEs. Because of the increasing globalized business brought by economic globalization and due to the globalization of production and market places, the global business encourages to compete, creating possible feasibilities for economic growth.³¹

In addition, globalization along with its falling of economic barriers, free market policies, and technological advancements, has significantly improved the production. It has also had good impact on companies since they incorporated the process of internationalization. Thus, the international business theory (IB) plays a fundamental role, supporting the development of SMEs under a globalized world economy. Yet, as we see in the later sections, SMEs still act as victims in a globalized economy. (In the third part of the literature review regarding SMEs, this aspect and IB will be discussed in more detail).

2.3 The Slowbalization Theory

2.3.1 Define Slowbalization

Slowbalization as a word is not rooted in traditional language nor well-established in the literature, but its usage has been increasing among scholars, especially in recent years. The term illustrates the recoil of globalization caused by factors such as economic decoupling, geopolitical conflicts, supply chain fragmentation due to the global pandemic after 2019, divergence in US-China relations globally, political economic instability, rising inflation rates and other such as cyber-attacks.³² Factors such as those previously mentioned have negatively

³¹ Sisira Kumara Naradda Gamage et al., “A Review of Global Challenges and Survival Strategies of Small and Medium Enterprises (SMEs),” *Economies* 8, no. 4 (2020): 79.

³² Anis Benabed and Madalina Moncea, “Slowbalization: Rising Trends for the Global Economy and Business,” *Proceedings of the International Conference on Business Excellence* 18, no. 1 (2024): 283-94.

impacted economies, markets, companies, and businesses, creating fertile ground for the slowdown of globalization.

Following the Great Recession in 2009, the trend of steadily increasing globalization was interrupted.³³ Since then, scholars speak of “slowbalization” or “de-globalization”. The term “slowbalization” was first introduced in 2015 by Dutch trend-watcher Bakas³⁴. It specifically refers to the slowing down of the traditional globalization process, including the flow of goods, services, and foreign direct investment. This trend represents a decline in global integration, further intensified by the Covid-19 crisis that altered the political economy of globalized production.³⁵

Moreover, researchers from the *Journal of European Economy* (JEE) convincingly state that the world economy is going through a difficult transition from globalization to slowbalization.³⁶ That being the case, we are facing a phase of intensified tension between globalization and economic nationalism, leading to challenges for economic diplomacy and business. Recent manifestations such as barriers and restrictions in international trade due to geopolitical tensions and conflicts of interest have made many companies rethink whether move investments abroad would bring benefits or not.

Similarly, the ideological shift in policy-makers' approaches to openness is continuing to affects the economies. The Trump administration in the USA prioritized protecting national interests over multilateralism, launched a protectionist trade policy, and threatened to withdraw from several multilateral institutions such as the World Trade Organization (WTO) and the World Health Organization (WHO). These

³³ Fritz Breuss, “EU’s Single Market at 30,” FIW Policy Brief No. 57 (Vienna: FIW, January 2023).

³⁴ Term coined by Dutch trend-watcher Adjiedj Bakas, and popularised by *The Economist*, Globalization has faltered, January 2019.

³⁵ Linsi, *Speeding Up ‘Slowbalization’*, 3.

³⁶ José Manuel M. Botelho et al., “Economic Diplomacy Strategy for the Recovery of the Slowdown of Globalization (Slowbalization),” *Journal of European Economy* 20, no. 2 (2021): 246-61.

global political differences and the rise of conflicting interests, according to Benabed, are among the main indicators of de-globalization.

The research article, *Economic Diplomacy Strategy for the Recovery of the Slowdown of Globalization (Slowbalization)*, similarly concludes that there is a high probability of a return to protectionism that will be the countries' response to global challenges.³⁷ The expectation is that import tariffs and more non-tariff barriers (licensing, import quotations) will increase, leading to a more conservative economic landscape for countries' trade policies. Moreover, national economies may even try to protect national industries as well as small businesses from a de-globalized market.

2.3.2 Globalization Eras Toward Slowbalization

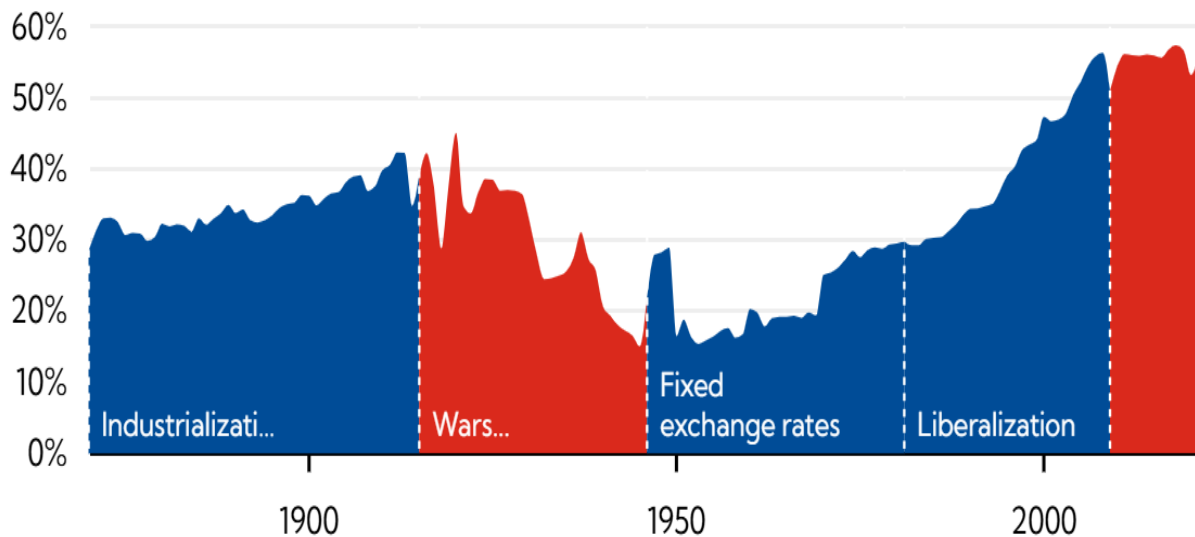
Regarding globalization development toward the emergence of slowbalization and looking at the global economic history, the International Monetary Fund (IMF) identifies five key periods that have shaped the phenomenon of globalization, from the beginning of the industrialization era to the rise of slowbalization. The five key periods are: Industrialization (1870-1914), Protectionism and Wars (1914-1945), Fixed Exchange Rates (1945-1980), Liberalization (1980-2008), and Slowbalization (2008-2020s).³⁸

³⁷ Botelho et al., *Economic Diplomacy Strategy for the Recovery of the Slowdown of Globalization (Slowbalization)*, 248.

³⁸ Stanley, Marcus Noland. "Has Globalization Peaked?" *Finance & Development*, International Monetary Fund, June 2023.

Figure 2. Eras of Globalization

(sum of exports and imports as a share of GDP)



Source: Jordà -Schularick-Taylor Macroeconomy Database; Penn World Data (10.0); Peterson Institute for International Economics; World Bank; and IMF staff calculations.

In each phase, the sum of exports and imports as a share of global GDP has changed, showcasing that globalization has gone through waves, and we may now be entering a phase of fragmentation. Thus, greater economic integration was led by the free flow of goods, services, capital, people, and ideas across national borders. Nevertheless, the trend of the whole world becoming a single market, also known as economic globalization, has seen ups and downs over the decades and most recently, has hit what appears to be a momentary peak.

2.3.3 Slowbalization as a “Wither Globalization” ³⁹

It is important to mention that the uprising phenomenon of slowbalization does not imply the end of globalization. Ending globalization seems almost unthinkable because the whole world relies on it—and to shut it down would be to eliminate one

³⁹ *The Economist*, “The Steam Has Gone Out of Globalization: Slowbalisation,” February 22, 2019.

of its key tools, the Internet. No matter the phases or forms, globalization changes, but its influence remains. In addition, when discussing about slowbalization, we should describe this trend as a transformation, the period of a recoil in the globalized economy. This concept is relatively new in the research area and terms like slowbalization, and de-globalization are forms of globalization.

In contrast, while Benabed sees slowbalization as a corrective trend, Mariotti criticizes this view as simplistic.⁴⁰ Mariotti, based on the theory of “win-lose” globalization, challenges the use of “slowbalization”. He argues that it is insufficient to describe the current world economy as a slowdown. Instead, he supports that globalization has become more unstable, competitive, and shaped by political conflict, focusing on the competitive nature of globalization and resulting in a “win-lose” outcome for economies. Although slowbalization may fail to explain the complexities of the current global economic environment as well as the instability and “zigzagging” of FDI, Mariotti recognizes that slowbalization indicates a gradual deceleration of globalization.

2.3.4 Summarizing Slowbalization Concept

To summarize the features of slowbalization, this section, as well as the later data analysis chapter, takes inspiration from Alicia García-Herrero’s study “*Slowbalisation in the Context of US–China Decoupling*”⁴¹, in which slowbalization is examined as a complex phenomenon shaped by several factors. Among them, the most relevant features to this research that conceptualize the phenomenon are:

⁴⁰ Sergio Mariotti, “‘Win-Lose’ Globalization and the Weaponization of Economic Policies by Nation-States,” *Critical Perspectives on International Business* 20, no. 5 (2024): 638-659.

⁴¹ Alicia García-Herrero, “Slowbalisation in the Context of US–China Decoupling,” *Intereconomics* 57, no. 6 (2022): 352–358.

- 1) ***Trade and Market Slowdown***: a key indicator of slowbalization that emphasizes the reduced export activity and growing regional focus;
- 2) ***Production and Supply Chain Disruption***: a shift toward regionalized and diversified supply chains in order to reduce the dependence and risk of a fragmented production outcome;
- 3) ***Financial and Cost Volatility***: strongly related to the VUCA concept (volatility, uncertainty, complexity, and ambiguity) of the slowbalization scenario. It focuses on volatile raw material prices, rising costs and financial uncertainty;
- 4) ***External Environment Influence***: past, current, and potential future phenomenon such as Covid-19, wars, and geopolitical tensions significantly influence countries as well as businesses in terms of planning, adaptation, and strategies.

Overall, even though slowbalization may lead to an increasing regionalization of the global economy due to economic fragmentation, geopolitical tensions and the rise of protectionist policies, the international relations and trade will continue. In other words, the “slowed” economic landscape proposed by such phenomenon is shifting away from the globalization that the global market has benefited from in the last decades. It is marking a different phase which does not imply the collapse of the previous one, rather a change of it. Even though some scholars challenge this concept as simplistic, there is a broad agreement that the world economy is experiencing a less-globalized scenario.

2.4 SMEs under Globalization and Slowbalization: Internationalization, UPPSALA model, and VUCA Concept

Due to the emerging economic landscape shaped by slowbalization, it becomes critical to examine how economic agents—particularly SMEs—face this transformed environment. The following section introduces SMEs as central actors in the transition from a global context previously driven by hyper-globalization to one increasingly influenced by slowbalization.

2.4.1 Define SMEs in a Global Context

Small and medium-sized enterprises (SMEs) are generally defined as firms with revenues below \$15 million and fewer than 300 employees. This is an overall definition since the specific definition of SMEs vary across countries and industries, and can also include factors like number of employees, annual turnover, and total assets. Yet, SMEs are the backbone of most economies and contribute significantly to growth and development. According to Dörr, Schönhofer, and Schwarz—researches from European Journal of Future Research—SMEs make up more than 90% of the world’s businesses and are the “locomotives” of innovation and engines for economic advancements worldwide.⁴² In addition, small to medium businesses make up roughly 70% of global employment, providing job opportunities, and acting as supplier of goods and services to large organizations⁴³.

Both multinational enterprises (MNEs) and large enterprises (LEs) have a key role in globalization as well as in the economic development, especially since they have deeply accelerated the industrialization process worldwide. Still, as supported by *Economic Research Institute for ASEAN and East Asia (ERIA)*, “SMEs provide the

⁴² Ulrike-Sabine Dörr, Gerhard Schönhofer, and Jan Oliver Schwarz, “The State of Foresight in Small and Medium Enterprises: Literature Review and Research Agenda,” *European Journal of Futures Research* 12 (2024): 16.

⁴³ International Labor Organization, *The Power of Small: Unlocking the Potential of SMEs* (2021), <https://ilo.org/infostories/en-GB/Stories/Employment/SMEs#intro>.

crucial industrial linkages to set off a chain reaction of broad-based industrial development”.⁴⁴ Accordingly, SMEs may merge with MNEs operating in their market, but they should avoid direct competition with them to prevent significant losses. Instead, they should find strategies to grow and achieve market leadership, as both SMEs and MNEs are considered driving companies in globalization and wheels of development.

To summarize the importance of SMEs in a respective globalized economy, the ERIA concludes that without SMEs as suppliers of intermediate inputs to MNEs, industrial growth will not be able to realize sustainable increases in the domestic value added, employment, productivity, and industrial linkages. Indeed, SMEs are essential in economic development of all countries, providing domestic employment creation, resilience against external economic shocks, and supporting local growth.

2.4.2 Business Internationalization and Uppsala Model

SMEs’ internationalization emerged as a result of globalization, meaning they started developing parts of their business in other countries or markets outside their home country.⁴⁵ Welch and Luostarinen consider internationalization as the process of increasing cross-borders participation in international operations.⁴⁶ This process also enables companies to benefit from the competitive advantages to increase their market leadership in foreign market. Other benefits of internationalization include market expansion, access to talent and innovation, access to cheaper inputs, and the

⁴⁴ Economic Research Institute for ASEAN and East Asia. *Asian SMEs and Globalization*. Jakarta: ERIA, 2007. <https://www.eria.org/RPR-2007-5>.

⁴⁵ Oya Tamtekin Aydın, “Globalization 4.0’s Effects on Internationalization of Higher Education: Technology, Internationalization at Home and New Hubs,” *Journal of Interdisciplinary Studies in Education* 10, no. 2 (2021): 49–64.

⁴⁶ Lawrence S. Welch and Reijo Luostarinen, “Internationalization: Evolution of a Concept,” *Journal of General Management* 14, no. 2 (1988): 155–71.

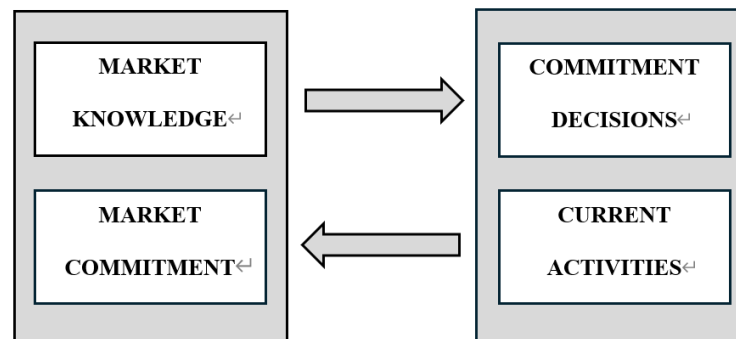
economies of scale. While this process of business internationalization helps companies to present and launch their products and services abroad, it also has costs. A company can also increase the risk of failure for attempting to enter unfamiliar and highly competitive markets.⁴⁷ What determines the limits of internationalization is the balance between the benefits and costs of expanding abroad. Companies must find this balance to adapt strategies, structures and resources for their operations to the international environment.

SMEs may use some models to internationalize their product, operations or services. One example is the Uppsala Model, developed by Johanson and Wiedersheim-Paul, which identified four stages of entry into international markets. This model was further elaborated by Johanson and Vahlne in 1977.⁴⁸ According to these scholars, a company will increase its success possibilities if it creates the necessary conditions to enter international markets. This theory has the State aspects and Change aspects as core concepts. It focuses on the importance of market knowledge and resource commitment, while also taking in consideration the value of decisions to commit more and learning from business experience. (See next page Figure 1)

⁴⁷ Ram Mudambi and Shaker A. Zahra, "The Survival of International New Ventures," *Journal of International Business Studies* 38, no. 1 (2007): 333–352.

⁴⁸ Jan Johanson and Jan-Erik Vahlne, "The Internationalization Process of the Firm: A Model of Knowledge Development and Increasing Foreign Market Commitments," *Journal of International Business Studies* 8, no. 1 (1977): 23–32.

Figure 3. The UPPSALA model for the basic mechanism of business internationalization (State and Change aspects) for SMEs



Source: Author's redesign (2025) adapted from Johanson, J., & Vahlne, J. E. (1977) "The internationalization process of the firm-a model of knowledge development and increasing foreign market commitments. *International business Studies* 8, 23-32."

The model is a process that tries to guide companies, especially SMEs, taking gradual steps toward the business internationalization. With each step, the company gains greater and more knowledge so that it is able to commit to the international market. Building onto the UPPSALA model, if a company would like to expand its business internationally it has to undertake the following 4 steps or stages:

Stage1) Non-regular Exporting

At this stage, the company begins to receive occasional foreign orders, despite not being familiar with the new foreign market. Also, due to limited market knowledge, it treats these early exports as trial exports, a way to test international orders with minimal risk.

Stage2) Export via Independent Agents/Distributors

The company decides to appoint local agents or distributors in the foreign market to promote and sell its products, showcasing a first real commitment to internationalization, and trusting more the external market.

Stage3) Establishment of a Commercial Subsidiary

With more and more experience, the company at this stage may carry out this activity through licenses or franchises, setting commercial subsidiaries abroad. Here comes in the comprehensive analysis of the cost-benefit of internationalization process that company must evaluate.

Stage4) Starting Production in the Foreign Market

This involves the establishment of production units in the foreign country either through direct investment, joint ventures, or partnerships. As for Stage 3, the company must analyze all the pros and cons offered by the foreign market.

In summary, the UPPSALA model is a crucial help for companies that want to operate in an international level. Each stage is a key part of the process and requires commitment. First, businesses should promptly gain experience in the local market before going abroad. Second, always analyze the benefits and costs of such a process. With growing experience, companies may seek to expand to more distant as well as culturally different markets.

2.4.3 The VUCA Concept: Structural Shocks to SMEs

Yet, despite the guidance offered by the Uppsala model, firms today face a rapidly changing global environment. Benabed and Moncea support that slowbalization is reshaping the international business. With the global economic landscape boosting regional trade over global trade, countries and firms follow strategic and targeted measures to protect domestic sectors and limit economic ties. Key characteristics of this new challenging environment for SMEs consist in:

- a) firms rethink about internationalization due to recent crisis like the Ukraine war, Covid-19 pandemic, and geopolitical tensions;
- b) supply chains are moving closer to home (near-shoring);
- c) national security is starting to outweigh the pure economic efficiency, impacting the economic growth of local businesses.

Therefore, while slowbalization has slowed economic growth and impacted the macroeconomy, it also significantly affects the micro level. Bulgaru and Benabed point out that the economy also relies on factors such as the level of production, services, goods, consumer confidence, and market trends.⁴⁹ Therefore, during periods of economic slowdown, efforts to control inflation—combined with rising oil prices and supply chain constraints—have a heavy impact on local production, manufacturing, and shipping costs. This could create consequences and challenges for SMEs in terms of economic growth and corporate profit margins, especially for those that rely on international trade.

Although the majority of SMEs have simple systems and procedures, which allows flexibility, immediate feedback, short decision-making chain, they still exposed to vulnerabilities of the economic turmoil caused by the pandemic and increasing geopolitical uncertainty. As the same for multinational enterprises, SMEs confront an environment which is described as VUCA (volatile, uncertain, complex, ambiguous). This concept is described as the new international business environment,

⁴⁹ Abdelaziz Benabed and Alexandru Bulgaru, “Global Economic Recession as a Major Risk Beyond Business Insights and Economies,” *Proceedings of the International Conference on Business Excellence* 17, no. 1 (2023): 221–25, Sciendo.

highlighting the “*increased importance of volatility, the proliferation of uncertainty, the rise of complexity and intensification of ambiguity*”.⁵⁰

The VUCA theory focuses on the idea of a reshaping of globalization, which allies similarly to the slowbalization concepts. As scholars debate that the global economic order is now being reshaped, countries and firms began to reevaluate the costs and opportunities of globalization. This framework has been widely adopted in business literature to describe today’s unpredictable economic environment. Small businesses face a world of rapid change and uncertain market conditions. These conditions are even more intensified by slowbalization. The following part explain what VUCA means for SMEs:

*1) **Volatility** – Constant Changes Challenge SMEs*

Changes happen fast and are often unexpected, such as when market conditions suddenly shift. This means businesses must be ready to adapt quickly to new situations.

*2) **Uncertainty** – Planning Becomes Difficult for SMEs*

As stated by many scholars, it is impossible to predict the future with any degree of certainty. This uncertainty makes it hard for businesses to plan far ahead with confidence.

*3) **Complexity** – SMEs Face Complicated Economic Environments*

SMEs business leaders must consider many different factors when making decisions. These factors can be connected in complex ways, making it hard to reach economic growth.

*4) **Ambiguity** – SMEs Struggle with Lack of Clear Information*

⁵⁰ Oliver Petricevic and David J. Teece, “The Structural Reshaping of Globalization: Implications for Strategic Sectors, Profiting from Innovation, and the Multinational Enterprise,” *Journal of International Business Studies* 50, no. 9 (2019): 1487–1512.

In many cases, situations are unclear, leading to an ambiguous environment for businesses to decide what to do. This lack of clarity can make decision-making more difficult.

In summary, slowbalization with an increasing VUCA landscape creates challenging situations for SMEs and their operations. Only the most productive and dynamic SMEs manage to maintain international business activity through trade and investment—“*SMEs businesses play significant roles not only in the global economy and labor markets but also in enabling, constraining and shaping the nature of innovation within those markets*”.⁵¹—Accordingly, during the internationalization process, SMEs can create profit and business value by focusing on innovation, effective negotiation, and increased production to recover their investments.

2.5 Italy and Taiwan Economic Overview

As pointed out by researches that previously compared Italy and Taiwan, the comparison between these two countries may initially seem “hazardous”, but this impression is not correct.⁵² In both countries, SMEs make up the backbone of the industrial sector. Moreover, Italy and Taiwan are both deeply involved in the processes of internationalization and globalization. Taiwan was among the first developing economies to open up to international markets, initially focusing on exports and later attracting foreign direct investment. In recent years, Taiwanese SMEs have also begun investing abroad and forming strategic partnerships with transnational corporations.

⁵¹ World Economic Forum, *Future Readiness of SMEs: Mobilizing the SME Sector to Drive Widespread Sustainability and Prosperity* (Geneva: World Economic Forum, November 2021).

⁵² Paolo Guerrieri and Carlo Pietrobelli, “Industrial Districts’ Evolution and Technological Regimes: Italy and Taiwan,” *Technovation* 24, no. 11 (2004): 899–914.

Orrù in his work “*The Institutional Logic of Small-Firm Economies in Italy and Taiwan*” stated that:

*“Taiwan has not yet achieved the level of industrial sophistication found in the Italian economy, but the structure of the two economies has become increasingly similar in recent year.”*⁵³

He points out an interesting fact that emerges when examining the economic structures of Italy and Taiwan, which is that neither country is characterized by the dominance of large, vertically integrated corporations. Instead, their economies are shaped by a myriad of SMEs that work together through flexible partnerships, helping each other produce goods to meet increasing consumer demand.

Due to the rapid development of the 1990s, Taiwan achieved great success in the electronics industry, and especially in the information technology (IT) area. This development may have created a different landscape from the one analyzed by Orrù in the 1991. Yet, comparing these two countries, as stated by Guerrini and Pietrobelli, could be “instructive”, especially because of the countries’ different patterns of industrial specialization. Italy has traditionally focused on sectors such as furniture, textiles and clothing, ceramics, and industrial machinery—industries often rooted in artisanal skills and commonly concentrated in industrial districts. Italy’s export structure has remained relatively stable over time. In contrast, Taiwan, after an early focus on labor-intensive industries like clothing, underwent a significant structural transformation beginning in the 1980s, shifting toward electronics and electrical machinery and achieving rapid industrial diversification.

2.5.1 Italy: An SME-Driven Economy in the European Market

⁵³ Marco Orrù, “The Institutional Logic of Small-Firm Economies in Italy and Taiwan,” *Studies in Comparative International Development* 26, no. 1 (1991): 3–28.

The Italian SMEs are the most important business entities in the country, particularly in the manufacturing, fashion, and automotive industries. It is no coincidence that Italian SMEs form the backbone of the entire national production system, not only in terms of number and revenue but also in total workforce employment. Small and medium enterprises are, therefore, companies that must meet specific criteria regarding size, employment limits, and financial thresholds to be classified as such. Of the nearly 4.5 million businesses in the national territory, Italian SMEs number about 206,000, representing 4.86% of the Italian entrepreneurial fabric. However, they are responsible for as much as 41% of the total revenue generated in Italy, 33% of the total private sector employment, and 38% of the added value of the country.⁵⁴

The Italian economy has a long tradition of family-owned enterprises, often forming regional industrial clusters known as “distretti industriali”, which enhance specialization, innovation as well as collaborative networking between businesses. With the rise of globalization in the late 90s, Italy started to lose its competitiveness as a global supply player. The shift towards more cost-efficient production models, particularly in emerging markets, led to a decline in Italy's manufacturing dominance. As global companies faced lower labor costs and improved production technologies abroad, many Italian businesses struggled to keep up with the rapid pace of innovation. The slowdown of globalization has further intensified challenges such as rising production costs, disrupted supply chains, and reduced foreign direct investment (FDI). With the shift towards slowbalization, Italian SMEs must adapt by diversifying markets, investing in digital transformation, and strengthening regional trade partnerships within the EU.

⁵⁴ TeamSystem. "PMI: Piccole e medie imprese." *TeamSystem*. "n.d"

2.5.2. Taiwan: An East Asian Tiger Economy with a Vibrant SME Sector

With a significant economic growth and development in recent decades, the Four Asian Tigers (Singapore, Hong Kong, South Korea, and Taiwan) are increasingly contributing to the economic global growth and emerging as manufacturing and information technology hubs of the world economy. The presence and importance of a large SMEs sector with flexibility is one of the key characteristics of the East Asia region.⁵⁵

Accordingly, Taiwan's rapid development and economic transformation was strongly made possible thanks to SMEs. The Republic of China (Taiwan) experienced a fast socio-economic growth since the 1950s, especially due to the emergence of SMEs to address domestic needs such as shortages of food and other essential domestic commodities. The government's support and promotion of SMEs, especially in the import and export sector, led to a rise in the export-oriented and tech industries. The emergence of post-war economic demand, along with the implementation of sound government policies and the development of infrastructure, were crucial factors in achieving the nation's success.

A key characteristic of Taiwanese SMEs is that the majority of them are family businesses. According to a 2021 study, a large share of Taiwan's listed companies is family-run—making up over 70% by number and 63% by market value⁵⁶. Many of these companies have boards fully controlled by family members, showing that family businesses play a central role in Taiwan's economy. Finally, there has been

⁵⁵ Peter Turner, "Management During the Third Industrial Revolution: Asian Tigers and Global Players," in *The Making of the Modern Manager: Mapping Management Competencies from the First to the Fourth Industrial Revolution* (Cham: Springer International Publishing, 2021), 99–130.

⁵⁶ Hui-Ching Chang, Kun-Li Lin, and Yuan Chang, "Family Succession and Corporate Performance: The Moderating Effects of Corporate Social Responsibility," *Applied Economics Quarterly* 111 (June 2022): 121–178.

considerable debate over how Taiwanese firms—most of which are SMEs—have managed to compete successfully in international markets. Key factors often highlighted include a great amount of human capital, strong information networks among local and overseas Chinese engineers, flexible and specialized production systems, and a well-developed network of supporting industries.⁵⁷ These characteristics have played a crucial role in shaping the international competitiveness of Taiwanese SMEs.

2.5.3 Final Comparison under the Influence of Slowbalization

Slowbalization is characterized by the growing number of trade barriers and a slowdown in global trade flows, with nearly 2,500 trade barriers introduced in 2023 alone.⁵⁸ Both Italy and Taiwan, though quite different in their economic structure, were able to gain strong benefits from globalization. Their economies are tightly connected to international trade. With Italian export reaching nearly US\$ 717.32 billion in 2023 and Taiwan US\$ 432.34 billion, maintaining an open international opening is a must.⁵⁹

Yet, Italy and Taiwan face geopolitical challenges. In the Italian case, the risks particularly concern the crises in the Red Sea. Rerouting ships away from the Suez Canal due to instability in the region might reduce traffic in Italian ports, showing how even short-distance disruptions can have real economic effects. In this context, finding the right balance between global supply chains and risk reduction is key, while still benefiting from open international trade. Taiwan is in a similar position.

According to the Ministry of Economic Affairs (MOEA), since in recent years,

⁵⁷ Mei-Wen Hu, “Many Small Antelopes Make a Dragon,” *Futures* 35, no. 4 (2003): 379–392.

⁵⁸ Pasquale Salzano, “Slowbalization and Its Cost,” *Longitude*, no. 147 (2024): n.p.

⁵⁹ Statista. “Export Value of Goods from Italy and Taiwan in 2023.” *Statista Research Department*, 2023.

Taiwan has proactively adapted to the shifting landscape of global supply chains, especially because of U.S.-China tech tensions and other geopolitical factors.⁶⁰

Taiwanese firms have responded by building flexible production systems that are spread across several countries and regions.

In conclusion, how to counterweight slowbalization and support businesses as they adapt to remain competitive within the increasingly complex global market? It is critical to maintain an open and inclusive international order. Moreover, institutions play an essential role in supporting businesses as they face challenging economic scenario. Italian and Taiwanese businesses can growth economically through internationalization, strategic partnerships, and both collaborative efforts between the public and private sector. So, countries—in this case Italy and Taiwan—can effectively protect their economic interests and security under slowbalization while still taking advantage of the opportunities presented by an open international trade.

⁶⁰ Ministry of Economic Affairs (MOEA), “Taiwan’s Industry Adjusts to Global Supply Chain Reorganization,” *Ministry of Economic Affairs, R.O.C. (Taiwan)*, February 1, 2023.

3. METHODOLOGY

3.1 Research Design

This study focuses on a qualitative approach, trying to explore the impact of slowbalization movement over Italian and Taiwanese SMEs. A qualitative investigation is more appropriate for this study due to the objective of understanding and interpreting this phenomenon. As a methodology of research, one part focuses on a literature review of the existing literature and the other part on data analysis from interviews. The research design of this work is exploratory. This exploratory research design is suited for the diverse institutional and cultural contexts within the research scope. By collecting in-depth insights, the study aims to compare how SMEs in Italy and Taiwan interpret and adapt to slowbalization.

3.2 Participants

The study involved 2 participants, who are relatively important figures such as SMEs' export managers. The interviewees, in this case from Italy and Taiwan, are chosen based on 3 main criteria:

1. The SMEs' relation with my research topic and relevance for my study;
2. The possibility for a rich and significant interview and its potential and valuable data outcome;
3. SMEs participants' willingness to be interviewed by the researcher.

3.3 Data Collection

Data were collected through semi-structured in-depth interviews, allowing the data collection process to be flexible while also ensuring that the questions address the research purpose. Semi-structured interviews are a common method in qualitative

research because they provide a balance between guided inquiry and participant freedom to express themselves.⁶¹

Interviews were conducted online, via interview platforms like Microsoft Teams. Each interview lasted approximately 50 minutes and the structure followed three main sections: 1) SMEs background information; 2) core questions, precisely related to the research topic; 3) reflection and final consideration.

Before the data collection process, a pilot interview was conducted with a participant who was not included in the final study to test the clarity and flow of the interview questions. The pilot test helped set the ground for later interviews. Also, interviews were audio-recorded with participant consent, and the records were solely stored and used only for academic analysis.

The interview questions were designed to explore how Italian and Taiwanese SMEs are experiencing the phenomenon of slowbalization. For the best data output of the interviews, they were conducted based on the interview's (SMEs' managers) mother language. The Italian case interview was conducted in Italian and the Taiwanese one in Mandarin Chinese. Then, the audio recordings were translated in English for data analysis. Though the researcher fluent level of Italian and Mandarin Chinese, accurate translation tools like TurboScribe was used to speed up the translation process. Nevertheless, the researcher double-checked and confirmed the accuracy of the data. Interview questions are in the Appendix B.

3.4 Data Analysis

The data were examined using thematic analysis, a widely used method in qualitative research for analyzing complex data. This approach involves identifying

⁶¹ Barbara DiCicco-Bloom and Benjamin F. Crabtree, "The Qualitative Research Interview," *Medical Education* 40, no. 4 (2006): 314–321.

recurring themes, topics, ideas, and patterns of meaning within the data.⁶² The process consists in six phases:

1. **Becoming familiar with the data:** all interview transcripts were read multiple times to gain a strong grasp of the content.
2. **Creating initial codes:** key words, phrases, and ideas relevant to the research questions were highlighted and coded.
3. **Identifying potential themes:** these initial codes were then grouped together based on shared patterns or concepts.
4. **Refining the themes:** the emerging themes were reviewed and adjusted to better reflect the underlying meanings in the data.
5. **Defining and naming themes:** each theme was clearly defined, with attention to how it connected back to the research questions.
6. **Reporting the findings:** a narrative was developed to present the results, supported by direct quotes from participants to illustrate key points.

⁶² Virginia Braun and Victoria Clarke, "Using Thematic Analysis in Psychology," *Qualitative Research in Psychology* 3, no. 2 (2006): 77–101.

4. ANALYSIS AND RESULTS

4.1 Introduction

This chapter presents the findings of the qualitative in-depth interviews conducted as researcher's method for the primary data collection. The data will be analyzed from two interview cases: one is regarding the Italian case and the other regarding the Taiwanese case. Later follows the thematic analysis process that the researcher implemented to come up with the conclusion of the study. It relies on answering the research questions, focusing on how the current economic landscape is interpreted and managed by SMEs in the two-case study. The coding part was conducted manually using Taguette, a qualitative analysis software, which allowed for systematic tagging and comparison across interviews. Finally, after the coding process, the researcher came up with 4 main themes: (1) perception of uncertain globalization, (2) market disruption and pressure, (3) environmental and institutional dependence, and (4) strategic adaptation.

Before the thematic analysis part, here is a brief explanation of the two case study firms. For confidentiality and privacy reasons, the two firms will be named as Italian SME (*ITSME*) and Taiwanese SME (*TWSME*):

A. *ITSME* Overview

The Italian firm was established in 1957 and started as a family-owned enterprise, primarily operating in the metalworking sector. In the 1980s, it moved into logistics and automated storage systems. Geographically, the SME is positioned in the South of Italy, with a strong landscape of industrial clusters. Even with a mature presence in the Italian market, it has more than 20 years of international business experience through partnerships with European and non-European resellers, also with

foreign subsidiaries in North American, Middle East and Far East. They design and manufacture automated systems for storage, distribution and sales providing intelligent solutions for the supply chain. Innovation is one of the firm's strengths, reflected in its commitment to high quality and dynamic business approach.

B. *TWSME* Overview

The Taiwanese firm was established in 1995, specializing in logistics and warehouse planning for various industries. Similarly to the Italian case, TWSME started as a family-owned business. The market focus was initially domestic but it has developed international ties with foreign clients in the last 20 years. Geographically, the SME is located in Southern Taiwan but it has expanded its scope of operations in different regions like Mainland China, South East Asia and Europe. While mainly operated in Taiwan's manufacturing market, the firm has increasingly engaged with overseas partners, keeping the market presence not only locally but also abroad. The firm's strength lies on its capability and flexibility to meet clients need by planning, designing, and servicing costumers continuously.

4.2 Thematic Analysis

In this qualitative thematic analysis, the researcher investigates the impact of slowbalization on SMEs in the selected cases. The analysis is based on the collected qualitative data: SMEs business experience, managers' perception, and interviews context over the slowbalization issue. Therefore, the following sections present the research themes in detail, supported by direct quotations from the two participants to showcase the key context and insights. For each of the 4 themes, the Italian case

(*ITSME*) will be analyzed first, then it follows the Taiwanese case (*TWSME*). Lastly, a comparison of the cases with a cross-case synthesis.

Theme 1. Perception of Uncertain Globalization

Globalization is under a structural reshaping, where the description of the international economic landscape experienced by SMEs is closely similar to the VUCA framework (volatility, uncertainty, complexity, ambiguity).⁶³ Even though the global market and SMEs continue to show interest in global business, they are unconformable operating in a “slowbalized” economy. Therefore, the first theme focuses on how SMEs from both countries perceive and interpret this structural change in the international business environment that is not easy for SMEs because it is the societal level, not industrial level.

A. Italian Case Analysis – *ITSME*

The Italian SME (*ITSME*) shows both confidence and hesitation in how it perceives the current direction of globalization. Managers describe the international context “turbulent” but at the same time still in act. Instead of perceiving slowbalization as a structural retreat or economic drawback, they frame it as the cause of a business slow and uncertain progress:

“Progress is a bit slow... the international context is not calm... more than a slowdown, it is a very slow progress.”

⁶³ Oliver Petricevic and David J. Teece, “The Structural Reshaping of Globalization: Implications for Strategic Sectors, Profiting from Innovation, and the Multinational Enterprise,” *Journal of International Business Studies* 50, no. 9 (2019): 1487–1512.

This interpretation is also connected to Mariotti's idea of "win-lose globalization", in which the competition still remains a key theme in the SMEs international business environment but under unstable conditions.⁶⁴

For ITSME, the global economy remains essential and open but more and more unpredictable. Another statement is:

"The historical period is quite dark... clients are not so prone to invest when there can be a war behind the corner."

Here, ITSME argue that investments are under risk due to the geopolitical instability of certain areas around the world. Again, this aligns with slowbalization and VUCA concepts, especially those of geopolitical conflicts that intensify the restrictive trade policy and consequentially, also international investments.

At the same time, the Italian firm management made a shift in ownership—after a private-equity entry—, leading into an expansion in internationalization.

"A private equity fund has joined [...], which is investing. Obviously, after a process of due diligence, it has validated the reality of our company, [...]. This has been a booster to the internationalization activity, because we look more abroad."

This boost in internationalization reflects the logic of the Uppsala model: the firm, driven by growing market knowledge and commitment, is trying to increase the foreign market activities and expand the business. In other words, this shows that, despite a slower economic global context, the Italian firm still continues to looking abroad instead only focusing into the local market.

In summary, Theme 1—perception of uncertain globalization—shows that Italian SMEs like ITSME:

⁶⁴ Sergio Mariotti, "'Win-Lose' Globalization and the Weaponization of Economic Policies by Nation-States," *Critical Perspectives on International Business* 20, no. 5 (2024): 638-659.

- a) do not experience slowbalization as a retreat, but rather as a period of a lean business environment;
- b) are forced to change the way they face international business, as structural adaptation is needed due to a continuous yet uncertain globalization.

B. Taiwanese Case Analysis – TWSME

In contrast to the Italian case, the Taiwanese SME (TWSME) views global transformation and slowbalization primarily in terms of regional competition rather than international trade decline. The managers stated that the economic environment is increasingly volatile but at the same time, full of business opportunities. The VUCA theory tells us that volatility and complexity can increase as international integration. Therefore, TWSME still recognizes the strong impact of globalization to their business, and less support the idea of an economic slowdown.

They support a “re-adaptation” of the global economic scenario, especially in terms of regionalize supply networks. As noted in the interview:

“Mainland China’s equipment has gradually extended into Taiwan’s market; we have to adjust accordingly.”

Moreover, the export-oriented Taiwanese economy has strong global integration and economic ties with the mainland China with country’s exports up to of 31.7% in 2024.⁶⁵ Therefore, as supported by the Taiwanese firm, they must be aware of the changing economic scenario and its potential influences over businesses. They must maintain agility in response to emerging regional competitors.

“Many manufacturers set up plants in Southeast Asia because labor costs are lower; that gives us opportunities abroad.”

⁶⁵ Department of Statistics, Ministry of Finance, *Statistical Bulletin (No. 1)*, January 16, 2025, Taiwan, “Taiwan’s Exports to Mainland China and Hong Kong in 2024,” PDF document, accessed [18/10/2025], https://service.mof.gov.tw/public/Data/statistic/bulletin/114/2025_01_CN&HK.pdf

Here TWSME emphasizes on the reorganization of the market development. The Taiwanese firm tries to find new markets and partnerships within Southeast Asia, increasing their flexibility and business opportunities. By relocating the manufacturing bases to ASEAN countries and following the strategies of market penetration and development, TWSME treat slowbalization not as a threat but as a structural opportunity.

From their point of view, the manager apparently overlooks the direct impact of slowbalization on their operations, supporting that primarily affects larger international firms and multinationals.

“I don’t think slowbalization directly affects SMEs; it mainly impacts industry leaders.”

The potential reason of this outcome could be due to that *TWSME* works in specific industry sector like logistics and warehouse planning. Specific industries may not be impacted by slowbalization as others.

Overall, Theme 1—perception of uncertain globalization—indicates that Taiwanese SMEs like TWSME are:

- a) interpreting slowbalization as competition without retreat and not as an overall economic slowdown;
- b) trying to achieve an adaptive advantage through regional positioning and continuous technological updating.
- c) not withdrawing from globalization but managing their international ties within more competitive Asian partnerships.

Theme 2. Market Disruption and Pressure

The second theme focuses on SMEs’ perception of the disruptive effects of slowbalization and market pressure that have changed the global market in recent

years. Covid-19, trade wars, price volatility, unstable geopolitical environment, and supply-chain disruption—all indicators of slowbalization—are among the major causes of SMEs concerns. These concerns brought significant pressure for both countries businesses, but at the same time, selective opportunities. Despite the difficulty in maintain economic growth in such environment, SMEs manage to survive and boost business through regional competition and market development. Slowbalization influence is visible in how firms restructured operations and redefined market priorities in response to these external shocks.

A. Italian Case Analysis – *ITSME*

The interview data show that global disruption—particularly the Covid-19 pandemic, price volatility in raw materials, and tariff policies—have force the SME to come up with adaptation strategies to cover up the external shocks. The Italian manager described the pandemic a scenario with pros and cons outcomes:

“Covid has been a problem, but also an opportunity [...] many companies in Italy closed [...] now we are a little more favorable than before since there was a market cleanup.”

This suggest that the firm managed to strengthen its market position because many competitors were unable to survive. Moreover, we can see that Covid-19 acted as a filter to the Italian industrial landscape, showcasing the fragility of SMEs’ businesses and the key role of adaptation in a complex environment. This aligns with Benabed’s concept of slowbalization as it poses a significant challenge to companies, requiring them to adapt their business models in order to seize the remaining opportunities and stay competitive. Otherwise, without resilience and innovation, it will be hard for the businesses to stay in the market.

A second challenge comes from volatility in raw material costs—in this case steel, a key component in ITSME’s manufacturing process.

“The price of raw materials has increased a lot in the last phase of Covid, and therefore also in the post-Covid era. [...] managing price updates has not been easy, since our main raw material is steel.”

This scenario of a vulnerable dependence showcases the pressure that SMEs encounter through volatile prices that automatically affects the global supply chains. As pointed out in the literature review, this fragmented interdependence is under risk: Benabed and Moncea supports that firms remain globally interconnected, but the supply chains on which they rely are more and more unstable and volatile.⁶⁶ ITSME’s complicated situation of price changing also highlights how global shocks still affects the small businesses. A confirm that SMEs must be aware of slowbalization presence in the global market. Not to mention that Italy is not self-sufficient in terms of steel production, and therefore with competition from multinational companies, ITSME faces a big challenge.

In summary, Theme 2 showcases that Italian SMEs’ experience of a global slowdown mainly brought significant challenges. Meanwhile, some opportunism can still be seized for capable firms such as in the case of ITSME. The external shocks that the Italian business encountered due to slowbalization influence are:

- a) price volatility, especially in raw materials, which slowed their business progress and required “*not easy*” price management, creating market pressure;

⁶⁶ Anis Benabed and Madalina M. Moncea, “Slowbalization: Rising Trends for the Global Economy and Business,” in *Proceedings of the International Conference on Business Excellence* 18, no. 1 (2024): 283-94.

- b) a challenging environment created by the Covid-19's aftermath, which from some SMEs didn't survive. However, for ITSME, the pandemic brought also positive results as it had cleaned up the market;
- c) a "fragmented interdependence" since businesses remains interconnected, yet the supply chains on which they rely are increasingly unstable.

B. Taiwanese Case Analysis – TWSME

For the Taiwanese business, external shocks and market pressure has brought significant impact over both their operational strategy and international competitiveness. These shocks and pressure are shaped by geopolitical tensions, rising costs, and logistical disruptions. The pressures let the firm in an environment with vulnerabilities, especially for the Taiwan's export-oriented industrial landscape. We can see, as supported by Stiglitz, that globalization's instability is still strongly felt by smaller firms and not only by multinationals.⁶⁷

The first shock highlights the disruptive impact of geopolitical instability and logistics breakdowns.

"What's had more impact is when trade wars give rise to wars; that affects our shipping and transport lead times."

Here, the consequence of slowbalization concretely impact the operational terms of the TWSME. As the manager explains, trade tensions have concrete effects on logistics for examples: delays, cost increases, and scheduling uncertainty. Likewise in the Italian case, the "fragile interdependence" where global trades remain but are exposed to the influence of market and political tensions. TWSME knows that there are facing an economic landscape where risk management and tactical resilience

⁶⁷ Joseph E. Stiglitz, *Globalization and Its Discontents* (New York: W. W. Norton & Company, 2002).

cannot be overrated, particularly for businesses in an export-driven economy like Taiwan.

A second pressure is regarding price competition and cost disadvantage compared with producers from Mainland China.

“Products from Mainland China are relatively low-cost; competing internationally is disadvantageous for us.”

TWSME actually feel more economic pressure from Mainland China rather than from the global market. Surely, this perception showcases the uneven balance of East Asian production towards Taiwan, where Taiwanese SMEs are supposed to survive between the low-cost Chinese competitors and high-quality demands from the global buyers. Indeed, is a complex and uncertain economic situation for TWSME and overall Taiwanese's businesses since they must consider many different factors when making economic decisions. These factors such as hard competitiveness, and political concerns can be connected in complex ways, making it hard to reach economic growth. In the past, TWSME was able to benefit from internationalization, as globalization encouraged many manufacturers to set up plants in Southeast Asia, with lower labor costs. However, now their product is becoming less accepted by the market, and equipment from China has been aggressively seizing market share.

As researched by Botelho, national economies may try to protect national industries as well as small businesses from a hostile market in de-globalized era.⁶⁸ Here TWSME's international business experience aligns with Botelho point, as the firm consider to retreat from international competition due to a disadvantageous market position.

⁶⁸ Botelho et al., *Economic Diplomacy Strategy for the Recovery of the Slowdown of Globalization (Slowbalization)*, 248.

Overall, the evidences from Theme 2—market disruption and pressure—suggest that the business shocks are structural and continuous rather than temporary. So far, the Taiwanese SME faced these challenges due to slowbalization:

- a) geopolitical tensions, which impact the operational business terms such as logistical delays, rising costs, and scheduling uncertainty;
- b) price competition and cost disadvantage compared to the Mainland China market. This scenario makes it increasingly difficult for SMEs to maintain profitability without specialization and innovation;
- c) an economic environment that is consistent to the VUCA framework, especially in terms of uncertainty and complexity, creating pressure on the market and difficulties to achieve economic growth.

Theme 3. Environmental and Institutional Dependence

The third theme analyzes SMEs' dependence from external and internal forces that impact their overall business performance and management practice. Through external forces—also defined as *environmental*—countries as well as businesses are strongly conditioned by foreign factors such as Covid-19, international geopolitical tension, and uncertain global market, forcing strategic adaptation. Likewise, internal and domestic forces—also defined as *institutional*—have significant influence over SMEs, especially regarding governments' intervention on the local economy. In an economic landscape where the previously mentioned external factors operate, SMEs are increasingly dependent from government's policies, creating both a state-market interdependence and a policy-driven demand environment.

A. Italian Case Analysis – *ITSME*

The third theme that rose from ITSME's interview is about the firm's strong dependence on the government's policies that create a policy-driven demand environment. In simply words, the Italian government funding—particularly incentives under Italy's industry 4.0 and industry 5.0 policy—strongly spurs the market activity, increasing strong demand yes, but also fluctuations in public subsidies and institutional stability over time. During the period of such policies, they generated a temporary rise in demand; yet, once removed, the effect almost faded rapidly.

The manager explained this situation that emphasized the state-market interdependence:

“Companies buying our products had funding up to 75%... when financing was over, demand fell and we felt it. [...] Support until two years ago was strong... now weaker, a bit of a slowdown.”

From these quotes, we can reflect that SMEs' performance increasingly depends on government interventions aimed to stimulate the market. The state-market interdependence is going to be more and more relevant in this period of economic slowdown. In this case, due to the external influence of Covid-19, the government programs helped to boost the economy. However, such resilience also produces vulnerability: once the institutional support starts to retreat, demand fell drastically, exposing firms to sudden downturns. This is what happened to ITSME, during the period of government subsidies, the company was hardly able to follow the highly demand promptly. Then, as the government incentives retracts, a downturn of business performance is drastically felt.

Additionally, the firm's manager acknowledges the international political uncertainty that influence the businesses both domestically and abroad.

“Clients are not prone to invest when there can be a war behind the corner.”

Still if Italy is not under a critical geopolitical situation as Taiwan, the SME has experienced that investments from the clients are negatively impacted by geopolitics. From ITSME’s point of view, investment must be encouraged, since the “*dark historical period*” the world economy is facing. The Italian manager reflected that economic interests are often driven by regional priorities rather than by share global vision, noting that:

“There are economic interests in some areas that do not look at the global interest. [...] It would be a case of greater strength where we have little chance to act.”

This observation shows an environment where smaller firms perceive themselves as under rule of larger forces, in which they have limited influence. In summary, Theme 3 demonstrates that Italian SMEs are dealing with:

- a) policy incentives that serve as boost in the market, as well as institutional volatility that creates economic downturns;
- b) external environmental impacts such as Covid-19 forced the government to stimulate the market for small business, creating high demand and opportunities;
- c) firms cannot sustain stable growth due to the uncertain market situation where clients are not prone to invest, fearing the negative outcomes that turbulent geopolitical environment may arise;
- d) SMEs face an economic environment where they have “*little chance to act*” due to global phenomenon like world superpowers conflicts, limiting their influence.

B. Taiwanese Case Analysis – TWSME

In contrast to the Italian case, the third theme for the Taiwanese SME highlights how limited policy support and institutional barriers shape SMEs' competitive space in Taiwan, affecting also their internationalization process. The manager state that governmental and public measures are insufficient, or even a burden to their business, forcing companies to depend on their own flexibility. When asking the Taiwanese manager about how the government could provide help in the context of slowbalization, the answer's focus was more regarding domestic tax policy that hinder the business performance.

“We haven’t really received such support... if the government could reduce the tax burden on SMEs, that would be a big help. [...] Tax relief and subsidies would make a huge difference in competitiveness.”

These statements indicate that TWSME struggle in terms of competitiveness due to strict fiscal policy, a scenario way different from the Italian context. Government intervention can be crucial for SMEs' resilience.

Another aspect to investigate, as mentioned in the literature review, is that in uncertain environments, smaller firms overcome policy gaps through agility and entrepreneurial initiative.⁶⁹ In the Taiwanese case, the manager state that cultural and organizational resilience plays an important role to overcome policy gaps:

“Our advantage is the bosses’ renxing—tough and resilient, always finding ways to keep the business going.”

Here, *renxing* (韌性, toughness and persistence) represents how small businesses, particularly those of Taiwan, have strong entrepreneurial resistance and flexibility at seizing opportunities arising from change. This aspect is essential for TWSME to

⁶⁹ World Economic Forum (2021)

respond since they also perceive international turbulence as another obstacle to business growth and those challenges are considered as business risks.

Similar to the Italian case, the risky geopolitical environment has strong impact over business strategic planning. As it follows:

“The international situation is quite unstable—such as the U.S., Middle-East—and more sensitive issues like China–Taiwan relations. I think these are potential risks that could obstruct some of our plans.”

Based on the “2024 White Paper of SMEs in Taiwan”, the government must seek to boost SMEs’ productivity by continually improving relevant regulations, enhancing operational resilience, and strengthening international competitiveness, especially in response to factors such as geopolitical shifts in global supply chain and changes in the international economy.⁷⁰

To sum up, Theme 3—environmental and institutional dependence—shows the increasingly geopolitical scenario where Taiwanese SMEs struggles, especially without the government help. Small business such as TWSME concern such environment where:

- a) a decrease in the government tax burden can act as boost in competitiveness since state intervention should work to raise SMEs’ productivity by refining regulations, reinforcing operational resilience, and enhancing global competitiveness.
- b) SMEs flexibility and entrepreneurial resistance are key players in order the keep the business growth, especially in an uncertain market.

⁷⁰ Small and Medium Enterprise and Startup Administration, Ministry of Economic Affairs, 2024 White Paper on Small and Medium Enterprises in Taiwan (Taipei: Ministry of Economic Affairs, 2024), pp. 63–94

- c) geopolitical sensitive issues such as China-Taiwan relations have impact on the business strategy planning of SMEs due to potential business risk.

Theme 4. Strategic Adaptation

This last theme focuses on the importance of adaptation and reaction to an environment where global demand is volatile and supply chains are increasingly regionalized. These initiatives showcase how SMEs adapt their strategic position to preserve competitiveness and maintain business growth. Scholars' studies on slowbalization, often point out the importance of innovation in a de-globalized era, supporting that small businesses must invest in efficiency, resilience, and collaboration.

A. Italian Case Analysis – *ITSME*

The Italian SME has responded to global uncertainty through a mix of technological innovation, product development, and international partnership strategies. Regarding collaboration, ITSME develop some economic ties to international partners by transferring the *know-how*, with the aim to reduce the final price of the finished product.

“We are trying to go from a more purely commercial collaboration to a productive collaboration in some countries. [...] we are in discussion with a Thai company about a possible productive collaboration, so to make them produce locally components [...] obviously on our design. So, there would be a transfer of know-how.”

Indeed, the manager mentioned that in order to deal with a constant price sensibility, the company put much efforts on the product's design, as 30% of their employees are engineers that work on the development and innovation of the product.

The objective is to maintain the design in Italy, but also to create productive collaboration to produce components of their products abroad, lowering the final price of the finished product as well as establishing international business partnerships.

In addition, trade protectionism—especially US tariffs, in this case on steel and metal goods—forced ITSME to apply a tactical adaptation and came up with a smart way to reduce the costs of the business:

“We asked to split invoices so tax is applied only on steel... we have to reorganize a little. [...] highlight what were the cost of design, because on those there are no taxes.”

This situation clearly identifies the strong flexibility and adaptability of small businesses to react at external shocks such as tariffs imposed by the Trump administration. Strategically, SMEs must find innovative and smart ways to reduce the cost and maximize profit. This scenario is similar to Taiwanese way of doing business, the *renxing* (韌性, toughness and persistence) that represents how small businesses, thanks to entrepreneurial resistance and flexibility, find ways to seizing opportunities arising from change.

Moreover, for ITSME, a central strategic respond is about product innovation that focuses also on sustainability and performance efficiency. As they mention:

“R&D is thinking about an evolution of the existing product, trying to guarantee higher performance, therefore faster movements, less waste. Also, from the green point of view, we have reduced, for example, the parts that are painted and we use more zinc steel. So, we try a little bit to look at 360 degrees to see what we can improve in our products.”

This quote illustrates a shift to eco-efficiency, while searching product innovation and improvement. The firm’s approach aligns with the mentioned *Fifth Industrial Revolution (5IR)*, which emphasized human-centered, and sustainable industrial

transformation, with a focus also on AI-tech innovation. In other words, ITSME tries to minimize waste and optimizing materials, balancing technological efficiency and flexibility.

In summary for the Italian case, Theme 4—strategic adaptation—showcase the commitment to redefine its international presence through cooperation, innovation, and sustainable production. The Italian company wants to spread the its brand and technology internationally. Meanwhile, maintaining propensity of investment and presence in the local market are essential to do business in a structural way with services that meet the needs of the clients. Lastly, these are the strategic and innovative responses that Italian SMEs implements:

- a) develop the *know-how* strategy with international partnerships, aiming to create productive collaboration and reduce the final price of the finished product;
- b) find entrepreneurial strategic ways to minimize cost and tariff like splitting invoices in order to eliminate avoidable taxes;
- c) invest in research and development (R&D) as well as in product design. The goal is to undertake more eco-efficient and innovative businesses while maintaining both a local and international presence with product excellence.

B. Taiwanese Case Analysis – *TWSME*

For the Taiwanese case, strategic and innovative responses are mainly centered on technological integration, supply-chain collaboration, and domestic marked innovation. These responses illustrate how Taiwanese SMEs commit to transform their business situation into a more profitable one with adaptation to the volatile regional economy. As in the Taiwanese case, this aligns with Benabed's conception of

the *Fifth Industrial Revolution (5IR)* where digitalization and sustainability play an increasingly important role in competitiveness.

A central strategy adopted by TWSME is the implementation of artificial intelligence (AI) and intelligent automation to enhance production efficiency:

“Across all industries, the top priority now is to integrate AI applications to achieve better results.”

Here, we can perceive that the Taiwanese SME is in a transformation process; they shifting from a traditional industry to a more intelligent one, an industry where AI can be used to boost business performance. As observes Benabed, innovation becomes more internally focused in the slowbalization era: firms emphasized on productivity gains and digital transformation rather than geographic expansion.

That being said, the firm want to focus more on its local presence and invest on it, as it follows:

“We’ve introduced different products... to make it easier for the Taiwan market to accept.”

For TWSME, innovation is also regarding market-oriented strategies. After acknowledging the saturation and cost competition in export markets, the SME develop its R&D in new products development focus on local clients. This approach of investing more on local territory is not only experienced by TWSME but actually to the entire Taiwanese economic landscape. According to the “*2024 White Paper of SMEs in Taiwan*”⁷¹ SMEs exports declined by 16%, reflecting global slowdowns. Taiwanese small businesses remain strongly dependent on the domestic market (89% of the SME revenue), with digital transformation and AI integration to enhance productivity.

⁷¹ Same as last footnote citation.

Moreover, as done by the Taiwanese firm, SMEs in Taiwan can adopt innovation-oriented R&D as well as follow regional diversification to strengthen resilience against supply-chain shocks and international trade disruptions. The Taiwanese manager indeed stated:

“We purchased shares in our Chinese supply-chain partner to ensure long-term cooperation.”

Accordingly, TWSME still tries to “*look outside*” the local market and finds ways to growth internationally. Their current investments are in the supply-chain partners, illustrating the regionalization of production typical of East Asian SMEs. This reflects the Uppsala model’s phase, where each of the internationalization stages need commitment, after gaining experience in the local market and analyzing the cost and benefits of such process. By doing so, particularly co-invest in its supplier, TWSME reduce the risks associated with supply-chain disruptions.

In summary, the strategies implemented by TWSME to react to slowbalization are mainly concentrated into digital and organizational approach. Theme 4—strategic adaptation—showcase the following aspects regarding adaptation against slowbalization for the Taiwanese case:

- a) SMEs’ priority is to invest on AI development. An investment that consists also on digitalization and sustainability to achieve better business results;
 - b) innovation is also about market-oriented strategies as the R&D should also focus on local market development, offering new innovative products;
- achieve regional diversification and co-invest in supply-chain partners is critical to reduce supply-chain shocks and international trade disruptions.

C. Cross-Case Synthesis

Through the four identified themes, the following table summarizes the thematic analysis' main results, providing a compressive cross-case view of how slowbalization shapes SME performance in the two cases of Italy and Taiwan.

Table 4. Summary of the Thematic Analysis for ITSME and TWSME

Theme	Italian Case (ITSME)	Taiwanese Case (TWSME)
1. Perception of Uncertain Globalization	<ul style="list-style-type: none"> - Global uncertainty framed as slower progress - Continued internationalization despite volatility 	<ul style="list-style-type: none"> - Slowbalization interpreted as adaptive flexibility within Asian markets - Regional competition framed as opportunity
2. Market Disruption and Pressure	<ul style="list-style-type: none"> - Price volatility, especially in raw materials - Covid-19 seen as both challenge and opportunity - Fragmented supply chains create dependency and vulnerability 	<ul style="list-style-type: none"> - Trade wars cause logistics disruption and delays - Competitive disadvantage from Mainland China's low-cost production
3. Environmental and Institutional Dependence	<ul style="list-style-type: none"> - Policy-driven demand acting both as boost and constraint - Difficulty maintaining stable growth due to geopolitical turbulence - "Little chance to act" feeling compared with larger powers 	<ul style="list-style-type: none"> - Need for stronger government support to enhance competitiveness - China–Taiwan relations add strategic uncertainty - Reliance on “韌性” (persistence) as business approach
4. Strategic Adaptation	<ul style="list-style-type: none"> - International partnerships to share <i>know-how</i> - Strategies to minimize tariffs and avoid unnecessary taxes - Invest in R&D to achieve eco-efficiency and maintain market presence 	<ul style="list-style-type: none"> - AI integration to enhance business performance - Supply-chain co-investment to strengthen resilience and partnerships - Market-oriented innovation through R&D focused on local product development

Source: Author's analysis and design

4.3 Discussion Through the Ansoff Matrix

The thematic analysis demonstrates that both Italian and Taiwanese SMEs are adapting and finding ways to enhance their business situation under slowbalization. From a theoretical perspective, these strategic behaviors can be further interpreted through Ansoff's (1957) Product–Market Matrix, which helps identify how and why each SME pursues specific adaptation paths. While the Uppsala model explains the gradual learning process in SME internationalization, the Ansoff Matrix reveals how these firms strategically innovate under a VUCA environment shaped by slowbalization.

3.1 The Ansoff Matrix

Briefly, the Ansoff Matrix, often called the *Product/Market Expansion Grid*, is a two-by-two framework used to help planning and evaluating growth initiatives for enterprises. In particular, the tool is used to frame the level of risk associated with different growth strategies. Developed by mathematician and business manager H. Igor Ansoff in 1957, the matrix is used to provides a structured approach based on whether they involve *new* or *existing* products and markets.

1) Market Penetration (existing product / existing market):

It focuses on increasing sales from existing customers and attracting new ones without changing the product. Considered the least risky strategy, it involves continuing to offer the same products or services with the objective of encouraging existing customers to buy more while attracting new ones.

2) Market development (existing product / new market):

It consists in adapting the original products/services and changing some of the characteristics, whether by targeting different customer segments, expanding into new geographic regions, which can be regional or international—new market/existing product.

3) *Product development (new product / existing market):*

It aims to develop new products for existing markets by investing in R&D. The goal is to innovate the products so that it has new and different features, improving its performance and therefore satisfy consumer needs.

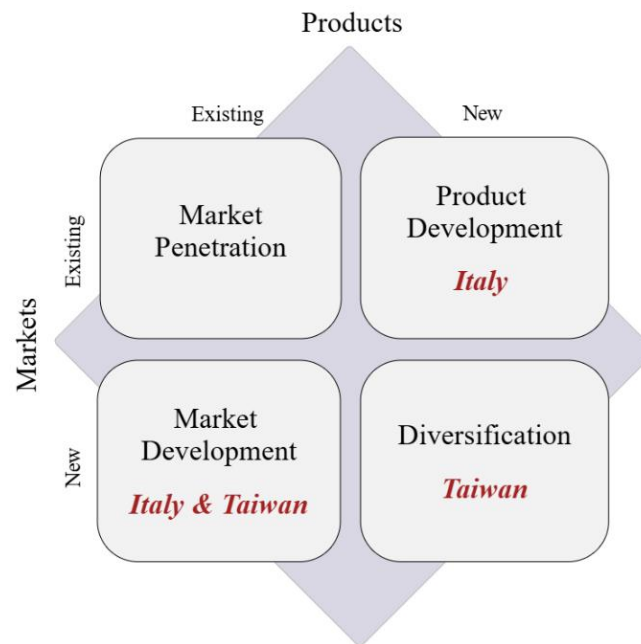
4) *Diversification (new product / new market):*

It commits to move away from the existing product line and market structure, changing the overall business operations. As it involves both product development *and* market development, this strategy is considered the riskiest one.

3.2 How the Cases Apply the Ansoff Matrix

Returning to the Italian and Taiwanese cases, what emerges from the data analysis is that both countries SMEs are adopting their own strategy to mitigate slowbalization impact. Businesses are undertaking strategic approaches with the goal of increasing profits while reducing the risks arising from a de-globalized economy. Both cases apply distinct yet partially common strategies. The Italian case tends to focus on Product Development while the Taiwanese case on Diversification. Both cases however demonstrate commitments in adopting Market Development strategy.

Figure 4. Application of Ansoff Matrix to Case Study



Source: Author's analysis & redesign from Meldrum, M. J., & Malcolm McD. The Ansoff Matrix.

1995.

a. Italian Case - ITSME

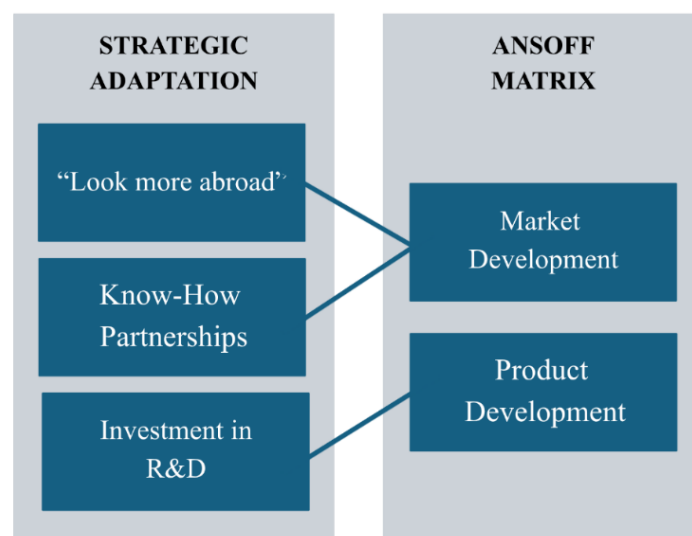
For the Italian case, the firm tend to focus on market development as well as product development, reducing dependency on unstable existing markets while maintaining access to new opportunities and profitable competitiveness.

- **Market development:** aiming to increase market share abroad, the Italian SME commit to internationalize, addressing the issue of a market where clients are not so prone to invest. Meanwhile, with partnerships such as in Thailand, the approach is to enhance existing know-how to enter new markets. This strategy can help to mitigate economic volatility while diversifying risk without leaving its industrial specialization.
- **Product development:** thanks to a significant investment in R&D, ITSME follows

a product development strategy to meet client needs. By innovating products, ITSME invest in a more eco-efficient business while maintaining both a local and international presence with product excellence.

Figure 5 illustrates the reasoning and connection behind the Italian SME's attempt to Market and Product Development.

Figure 5. Italian Case Application of Ansoff Matrix



Source: Author's analysis and design.

b. Taiwanese Case - TWSME

Regarding the Taiwanese case, TWSME also commits to follow the market and product development strategies, with a difference in integrating also diversification:

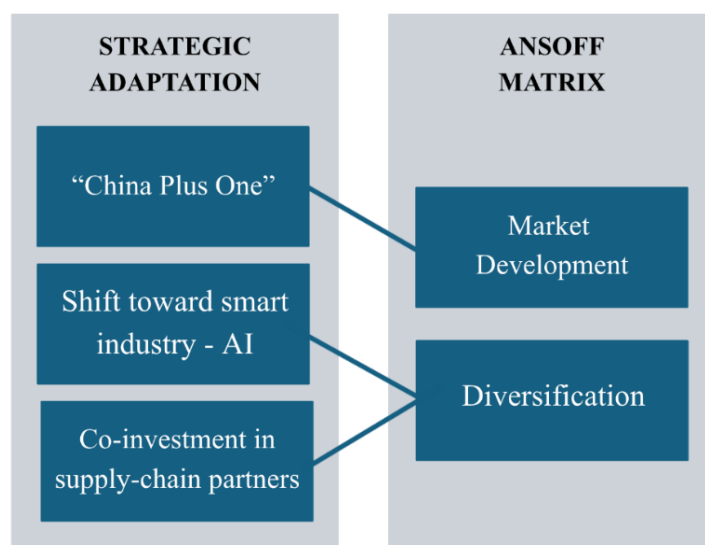
- **Market development:** the orientation toward market development is due to the growing economic and political influence of Mainland China. The response of the Taiwanese firm is by expanding into Southeast Asian markets, to reduce dependency while increase resilience and create new demand. From another prospective, the Taiwanese firms is pursuing the “*China Plus One*” strategy,

adopted by businesses to enhance autonomy in the post-globalization landscape.⁷²

- **Diversification:** the Taiwanese SME pursue diversification since competition would be hard to achieve without innovation and flexibility. There are signs of diversification since the firm engages in the development of smart products and a shift toward smart industry, integrating AI to support competition both locally and regionally. Lastly, regionalization of production such as co-investment in Chinese supply-chain partners enhance the diversification strategy.

Figure 6 shows the logic of the Taiwanese SME adoption of a more mixed strategy, attempting to follow Market Development with Diversification.

Figure 6. Taiwanese Case Application of Ansoff Matrix



Source: Author's analysis and design.

⁷² The China Plus One (C+1) strategy is a supply-chain approach that encourages firms to reduce their reliance on China by expanding operations to additional locations. It began to take shape around 2013 as worries about excessive dependence on China grew. Since then, it has become increasingly relevant due to trade tensions, the COVID-19 pandemic, and rising labor costs.

4.4 Research Questions Approach

RQ1: Italian and Taiwanese SMEs' perception and interpretation of the global economic changes in the context of slowbalization.

Italian and Taiwanese SMEs are perceiving the phenomenon in different ways. On the one hand, Italian SMEs perceive slowbalization more as a period of slower economic recession, where the international context is turbulent and not prone to invest. Their caution reflects the uncertainty of the European market and the difficulty of forecasting investments under volatile conditions. On the other hand, Taiwanese SMEs perceive slowbalization less as a decline and more as a structural adjustment toward regional competition and flexibility. The growing influence of Mainland China and the rise of Southeast Asian production centers push Taiwanese firms to reposition themselves strategically. After setting up plants in Southeast Asia due to cheaper labor cost, Taiwanese SMEs are not withdrawing from the global market but they trying to seize business opportunities.

Therefore, both countries SMEs are interpreting slowbalization with strategies to diversify risk while increase business performance and market share. As analyzed with the Ansoff Matrix, Italian businesses are adopting market and product development by focusing on internationalization, sharing the know-how, and investing in R&D. Meanwhile, Taiwanese SMEs tend to follow market development and diversification by expanding their market apart from China, shifting toward smart industry, and co-investing in supply-chain partners.

RQ2: Slowbalization influence on Italian and Taiwanese SMEs' business performance.

For the Italian case, Covid-19 acted as both “shock” and “filter”. The pandemic eliminated weaker competitors, creating what the Italian manager called a “market cleanup.” This indicates that the pandemic created a challenging environment where only the most adaptive and resilient SMEs were able to survive with later positive result. Still, price volatility and clients’ hesitation to invest in uncertain geopolitical conditions complicated recovery, requiring SMEs to re-organize and manage the “*not easy*” environment. Governmental funding supported SMEs performance by increasing the market demand in difficult times such as those of Covid-19. However, SMEs perceived an overall economic slowdown in the market once subsidies ended, performance declined sharply. This dependence on public policy reveals the *state–market interdependence* that typifies slowbalization in Italy: SMEs can prosper when institutional supports are strong but remain vulnerable when these supports decline.

For the Taiwanese case, external rather than internal factors are the main reasons of disruption. Trade wars and geopolitical tensions have directly impacted logistics as well as export operations, increasing costs and uncertainty. The continuous price disadvantage against Mainland China’s low-cost producers forces Taiwanese SMEs to compete through specialization or technology rather than scale. Indeed, China and its market keep playing a significant role influencing Taiwanese economy and businesses. As can be concluded from the Taiwanese case analysis, SMEs in Taiwan have their “eyes” fixed on Mainland China, due to business risk, constraint in long-term planning and investor confidence. In this environment, small businesses demand for stronger fiscal and policy support like tax relief and subsidies to sustain competitiveness in an increasingly regionalized market.

RQ3: Italian and Taiwanese SMEs' strategies and innovation practices to respond to slowbalization impact.

Italian SMEs primarily follow market and product development strategies as responses to slowbalization. They commit to enhance international partnerships, optimize costs, and invest in R&D while achieving eco-efficiency and developing market presence locally and abroad. Their strategy to share know-how with international partners—while maintaining design and innovation in Italy—allows them to expand abroad without sacrificing local value creation. Moreover, they manage to minimize tariffs and avoid unnecessary taxes by splitting invoices as a business tactical strategy. Lastly, there is a strong investment in R&D as the Italian firms seek to guarantee higher performance, faster movements, and reduction of both waste and costs. By analyzing the Italian case, the abilities of SMEs to reorganize quickly and transform external pressure into tactical strategies demonstrate why SMEs can survive global uncertainty.

Regarding Taiwanese SMEs, the focus is to follow market development as well as diversification strategies. Their commitment is to integrate AI technology, strengthen supply-chain resilience, and invest in market innovation while boosting business performance, strategic partnerships, and local product development. Their top innovation is to shift into an intelligent industry, where AI is used as a tool to achieve better business results and offset the competitive disadvantage caused by regional cost disparities. Furthermore, by focusing on local R&D and product innovation, Taiwanese small businesses develop a strong local market presence with product uniqueness. Co-investments with supply-chain partners—particularly in China—indicate a strategic approach to reduce vulnerability while preserving strategic autonomy in the supply-chain sector.

4.5 Research Findings

The comparison reveals that while Italian firms tend to perceive slowbalization as a constraint on growth, Taiwanese firms view it as a scenario for regional adaptation. Indeed, the similarity of both cases is that Italian as well as Taiwanese SMEs are pursuing a market development strategy while not giving up on internationalization. Despite the external environment of uncertainty or risky competition, they still continue to “look abroad” and expand their markets in order to increase profit, while looking for opportunities to enhance international partnerships and resilience.

Though in different manners, the new phase of globalization has brought influence in each context. While slowbalization factors directly impacted Italian SMEs’ economic landscape and investments, for Taiwanese SMEs, its focus relies on logistic disruption and competitive disadvantage from Mainland China. Yet, both cases confirm that structural uncertainty—not mere slowdown—is the main factor influencing SME outcomes under slowbalization.

To face the increasing VUCA environment created by slowbalization, SMEs use innovation as a form of defense and progression. They manage to invest in the R&D sector to boost flexibility and therefore avoid being eliminated by the market. For example, Italian firms rely on productive collaboration and design-centered R&D to sustain economic growth, while Taiwanese firms prioritize digital transformation and regional partnerships to secure resilience. Still, in both cases, strategic partnerships and an adequate process of internationalization are practices to counterweight market disruption and pressure. Moreover, SMEs may adopt different strategies as implemented by Italian and Taiwanese firms. These strategies are market development, product development, and diversification to enhance industrial

specialization and maintain local and international presence with product excellence while diversifying risk.

In conclusion, the comparative evidence suggests that slowbalization does not mean disengagement but rather a change in globalization's structure. Indeed, this thesis reveals that the change is about shifting toward a new form driven by regionalization, technological innovation, and adaptive business behavior. The current economic transformation undertakes a step away from hyper-globalization—based on global expansion and scale—toward regional adaptation and resilience. Furthermore, while cost efficiency continues to influence global business decision-making, a deliberate focus on risk diversification it's critical. In fact, SMEs can adopt the Ansoff Matrix strategies to keep business performance stable and profitable under slowbalization. As experienced by Italian and Taiwanese SMEs, competitiveness increasingly depends on strategic adaptation—the capacity to innovate and cooperate while investing toward sustainable and optimal growth.

5. CONCLUSION

Globalization's trend of changing in track toward to what scholars call *slowbalization* is taking form in recent times and apparently reached a concrete state. Although academic literature suggests this term describes a slowing, reshaping, or partial reversal of globalization, it does not imply a full collapse. From these case studies, the researcher found that there is a *structural shift* in globalization, where SMEs increasingly struggle to perform and must adapt consequently. The International Monetary Fund (IMF) describes the period after the 2008 global financial crisis as one of "slowbalization", where economic globalization with its single global market has hit what appears to be a momentary peak. Scholars such as Benabed and Moncea, who have deeply researched this phenomenon, provide significant empirical evidence of slowbalization impact on macroeconomics. This research reveals that the microeconomic level, particularly SMEs, has being also affected by the slowbalized transformation.

This transformation is characterized by trade slowdowns, geopolitical tensions and the disruption of global supply chains. In such economic environment, small and medium-sized enterprises (SMEs) are among the most exposed and yet also the most adaptive businesses. The contribution of the study relies on how SMEs in Italy and Taiwan interpret and react to the impacts of slowbalization. Therefore, this exploratory study examines and explains this scenario for Italian and Taiwanese SMEs, offering a comparative perspective on how two structurally different economies are adjusting to a VUCA environment—volatile, uncertain, complex, and ambiguous.

Research findings suggest that both countries' SMEs are dealing with slowbalization as a force for strategic adaptation where risk diversification and

innovation act as key players to reduce negative impacts of a VUCA environment. Similarities from both cases demonstrate that the main challenge is to maintain competitiveness in a context of rising production costs and geopolitical uncertainty. Italian SMEs interpret the phenomenon as a phase of slower progress and market turbulence, where internationalization remains essential but must be reoriented through regional diversification—international partnerships—and R&D (Research and Development) to achieve business flexibility and eco-efficiency. In contrast, Taiwanese SMEs perceive slowbalization not as a mere economic slowdown but a situation where they must adapt to seize opportunities. Therefore, their responses prioritize AI integration, digital transformation, and supply-chain resilience to boost business performance and stability.

By interpreting with the Ansoff Matrix, both countries are adopting strategies to counter slowbalization such as market development, product development and diversification. Those are among the decisive *know-how* that allow smaller firms to remain resilient under changing global dynamics. In conclusion, we appear to be entering a new phase of global economic development—one that is slower, more fragmented, and increasingly regionalized compared to the earlier period of rapid globalization, reflecting significant structural adjustments.

5.1 Recommendation

Based on findings, the recommendations of this research are as follows.

- A. First, an adequate process of internationalization as the Uppsala model—gradual learning, risk management, and progressive market engagement—still remains a key objective for SMEs that want to achieve broader market presence and business growth.

- B. Second, they must invest in strategic partnerships—both domestic and abroad—as counterweights of slowbalization challenges. In other words, market development is essential for SMEs in order to diversify risk and dependence from a single, uncertain market.
- C. Third, commitment to prioritize R&D, product innovation, and technological advancement should be pursued as crucial for business performance in a fragmented global economy. Namely, product development and diversification can enhance business flexibility and growth in a context of competitive disadvantage.
- D. Lastly, policymakers in Italy and Taiwan should also play a supportive role by continuously providing fiscal incentives, and reducing tax burden for SMEs.

5.2 Limitation and Future Research

Despite its contributions, this study has certain limitations. The exploratory nature of the research design and the limited number of cases may have constrained the depth of data analysis and reduced the generalizability of the findings. Future research could adopt a broader comparative approach and incorporate quantitative methods across a wider range of sectors within the Italian and Taiwanese economies. Nonetheless, the present qualitative investigation provides evidence that international business activities among SMEs have evolved toward a less globalized model, wherein survival and growth depend not primarily on scale, but on strategic adaptability. The experiences of Italian and Taiwanese SMEs substantiate this transformation.

APPENDIX A

Codebook of Thematic Analysis

Theme	Code	Quote	Interpretation	Case
Perception of Uncertain Globalization	Global turbulence and slow progress	“Progress is a bit slow... the international context is not calm... more than a slowdown, it is a very slow progress.”	The firm perceives the international business environment as unstable and slower	ITSME (Italy)
	Investment hesitation	“The historical period is quite dark... clients are not so prone to invest when there can be a war behind the corner.”	Global instability does not support investment, showcasing the potential instability in the international market.	ITSME (Italy)
	Continuous integration and competition	“Mainland China’s equipment has gradually extended into Taiwan’s market; we have to adjust accordingly.”	Globalization remains active but more regionally competitive. Firms tend to adapt rather than retreat.	TWSME (Taiwan)
	Regional opportunity	“Many manufacturers set up plants in Southeast Asia because labor costs are lower; that gives us opportunities abroad.”	Firms view regional shifts as opportunities for repositioning.	TWSME (Taiwan)
	Limited direct impact of slowbalization	“I don’t think slowbalization directly affects SMEs; it mainly impacts industry leaders.”	Perception that small firms are less exposed to macro-level trends than large corporations.	TWSME (Taiwan)
Market Disruption and Pressure	Pandemic disruption and recovery	“Covid has been a problem, but also an opportunity [...] many companies in Italy closed [...] now we are a little more favorable than before since there was a market cleanup.”	Covid-19 acted as both a challenge and opportunity, eliminating weaker competitors and favorize the remaining ones.	ITSME (Italy)
	Price volatility	“The price of raw materials has increased a lot in the last phase of Covid, and therefore also in the post-Covid era. [...] managing	Supply chain instability and rising costs heavily affect small manufacturers.	ITSME (Italy)

		price updates has not been easy.”		
	Trade wars and logistics disruption	“What’s had more impact is when trade wars give rise to wars; that affects our shipping and transport lead times.”	Geopolitical tensions delay shipments and increase operational uncertainty.	TWSME (Taiwan)
	Regional price disadvantage	“Products from Mainland China are relatively low-cost; competing internationally is disadvantageous for us.”	Taiwanese SMEs face structural cost disadvantages in comparison with China.	TWSME (Taiwan)
	Policy-driven demand	“Companies buying our products had funding up to 75%... when financing was over, demand fell and we felt it.”	Heavy dependence on state incentives reveals SMEs’ vulnerability.	ITSME (Italy)
	Institutional volatility	“Support until two years ago was strong... now weaker, a bit of a slowdown.”	The removal of subsidies leads to reduced demand, showing unstable institutional reliance.	ITSME (Italy)
	“Little chance to act” feeling compared with larger powers	“It would be a case of greater strength where we have little chance to act.”	SMEs feel powerless against global political and economic forces.	ITSME (Italy)
Environmental and Institutional Dependence	Lack of public support	“We haven’t really received such support... if the government could reduce the tax burden on SMEs, that would be a big help.”	Taiwanese SMEs feel limited by insufficient government measures and taxation.	TWSME (Taiwan)
	Reliance on “韧性” (persistence) as business approach	“Our advantage is the bosses’ renxing—tough and resilient, always finding ways to keep the business going.”	Entrepreneurial resistance and flexibility as a—cultural—business approach.	TWSME (Taiwan)
	Geopolitical sensitive issues	“The international situation is quite unstable... I think these are potential risks that could obstruct some of our plans.”	Cross-strait tensions add uncertainty to long-term planning.	TWSME (Taiwan)
Strategic Adaptation	International collaboration & know-how	“We are trying to go from a more purely commercial collaboration to a productive	SMEs seek cross-border cooperation to reduce costs and share expertise.	ITSME (Italy)

	collaboration in some countries... there would be a transfer of know-how.”		
Cost optimization strategy	“We asked to split invoices so tax is applied only on steel... highlight what were the cost of design, because on those there are no taxes.”	Adaptive accounting strategies used to reduce tariff burdens.	ITSME (Italy)
Eco-efficient innovation	“R&D is thinking about an evolution of the existing product... less waste... we use more zinc steel.”	Innovation focuses on sustainability, aligning with the Fifth Industrial Revolution (5IR).	ITSME (Italy)
Digital transformation & AI integration	“Across all industries, the top priority now is to integrate AI applications to achieve better results.”	Technology as a priority to competitiveness and productivity.	TWSME (Taiwan)
Market-oriented innovation	“We’ve introduced different products... to make it easier for the Taiwan market to accept.”	Product diversification aligns with domestic demand in a saturated export market.	TWSME (Taiwan)
Supply-chain co-investment	“We purchased shares in our Chinese supply-chain partner to ensure long-term cooperation.”	Strengthening supply-chain resilience through partnership and regional integration.	TWSME (Taiwan)

APPENDIX B

Semi-Structured Interview Questions Used for Primary Data Collection

1. Could you briefly introduce your company and its main activities?
2. Looking at the past few years, how has globalization (international trade, supply chains, cross-border business) affected your company?
3. Has your company's involvement in international markets changed in recent years? (e.g., export share, number of foreign markets, partners/offices abroad)
4. In recent years, have you noticed a slowdown or change in business growth related to international trade or suppliers?
5. What are the main global or external challenges your company has faced?
Have these challenges affected sales, profits, or growth? Could you share any data or examples?
6. Have you made any changes to your supply chain, business partners, or production methods due to international difficulties?
7. Have you had to reduce your international exposure (e.g., cancel export plans, refocus on local markets)? Why or why not?
8. The term *slowbalization* refers to a slowdown in global trade and greater focus on local/regional business. Even if you had not heard this term before, do you think it describes your SME's current experience?
9. If yes, when did you first perceive this change (year/period)? What internal indicators within your company signaled it (orders, cancellations, margin pressure, compliance requests, financing)?
10. Compared to SMEs from other countries with which you compete or collaborate, what are the main strengths and main limitations of SMEs in

[Italy/Taiwan] today?

11. Regarding the current trade war in international markets, have tariffs had a direct or indirect impact on your company? Could you give a concrete example (product/market/partner)?
12. How has your company tried to adapt to the new situation? (e.g., greater focus on the local market, entry into new markets, product innovation)
13. Have any of these adaptations produced positive results?
14. Have you received any support or resources to face these changes? (e.g., government aid, export services, training)
15. What is your strategy for the next five years in terms of international business?
16. What do you think SMEs like yours need most to survive and grow in this new global economic scenario?

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RESPONDING TO REVIEWERS

(1st Stage of Review, Nov. 15, 2025)

1. Where does Slowbalization Theory come from?

Slowbalization as a word is not rooted in traditional language nor well-established in the literature, however it illustrates the recoil of globalization (p. 26). Scholars such as Benares and Moncea commonly use this theory to refer to the changing economic landscape of the global economy. The term was first used in 2015 by a Dutch trend watcher, referring to an economy that is “slowing down” compared to the years of hyper-globalization due to factors such as fewer trade agreements, an increase in geopolitical conflicts, the rise of protectionist policies, supply chain disruptions provoked by COVID-19, and divergence in US-China relations globally.

Especially after the 2008 global economic crisis and later intensified by COVID-19, slowbalization is a term that is gaining increasing importance. The European Parliamentary Research Service (EPRS) noted in 2020 that slowbalization has been a worthy research issue precisely because of its increasing relevance and connection to economies, firms and possibly individuals. In addition, the literature review suggests that governments as well as businesses should be aware of this new economic order, as nations and firms may even commit to protecting national and business interests in a less globalized market.

While some authors argue that the term is overly simplistic to capture the complexity of global transformations, there is broad agreement that the world economy is experiencing a less-globalized scenario. Throughout this research, the researcher illustrates the shift from traditional globalization theory to the emerging concept of slowbalization, with the support of present academic studies.

2. What are the criteria used for choosing the two specific firm case study?

As mentioned in the methodology of this study (p. 45), the criteria for choosing the research participants, in this case, the Italian and Taiwanese SMEs, is based on several criteria which are: **a) relevance to the research topic, particularly their exposure to international markets and the possible implications of slowbalization; b) the possibility for a rich and significant in-depth interview and its potential and valuable data outcome; c) SMEs participants' willingness to be interviewed by the researcher.** To be more specific, the SMEs participants were chosen by their empirical experience and close touch with the international context. Both cases have more than 20 years expertise in international business, experiencing not only the previous benefit of globalization but also how the international market is changing in recent years.

Moreover, in order to ensure the findings of the case study were following a valid direction, the researcher firstly structure the research on precedent studies, then started to investigate on both secondary and primary data. The data collection method—semi-structured in-depth interview—was finally used as a tool to clarify and confirm the impact of slowbalization over Italian and Taiwanese SMEs. The dual-case exploratory approach thus reflects the deep investigation and interpretation of such phenomenon moving from theory to secondary evidence and, finally, to empirical data.

Overall, the main reasoning is based on the strong relevance and significant relations of the firms with the study issue, in order to create deep, coherent, proper data for the analysis.

3. Can you explain the Ansoff Matrix and the reasoning of applying it in your study?

The Ansoff Matrix is a tool used in the business field to guide companies in achieving market strategies and risk diversification. It is also called the *Product/Market Expansion Grid*, a two-by-two framework used to help planning and evaluating growth initiatives for enterprises. As illustrated in the data analysis (p. 69), the matrix contains four main strategies, which provide a structured approach based on whether they involve *new* or *existing* products and markets. The strategies that are most relevant in this study are market development—adopted by both cases—which emphasizes having the same product but in a vaster market. Then, implemented by the Italian case, product development aims to develop new products for existing markets by investing in R&D. Lastly, the diversification strategy followed by the Taiwanese SME which involves both product development and market development.

The matrix served as a tool to interpret the thematic findings from a theoretical perspective, which helps to identify how and why each SME pursues specific adaptation paths. The Ansoff Matrix reveals how these firms strategically innovate under a VUCA environment while illustrate the optimal business strategies to adopt in order to counterweight the impact of slowbalization.