

# Innovation and competitiveness in SMEs

Innovation plays a fundamental role in the success of many SMEs. It is about more than just bringing new, improved products and services to market. It is about finding ways to increase the efficiency of business and, most importantly, profitability, to stay competitive. The increasing technological complexity required for developing new products, short product life cycles, and unceasing competition have forced SMEs to move beyond the philosophy of continuous improvement to more innovative, radical ideas to enhance their competitiveness.

The Korea Productivity Center in coordination with the APO conducted a workshop on Innovation and Competitiveness in SMEs in Seoul, 6–9 September 2011. Aimed at increasing the competitiveness and innovativeness of the SME sector as a basis for sustainable, balanced development and to generate added value in SME products and services, the workshop was attended by a total of 16 participants from 11 APO members. Nine were from SMEs and the remainder from NPOs, NGOs, and government ministries.

The workshop included presentations by three resource speakers: Mah Lok Abdullah, Principal Consultant, Railer Management Service; Jun-Ho Lee, Research Fellow, Korea Small Business Research Institute; and Prof. Jung Wha Han, Hanyang University School of Business. Reports on the challenges faced by SMEs in innovation were given by the participants. Common key concerns included difficulties for small firms to grow and nurture innovation



*Participants observing efficient warehouse and storage practice at MH Logistics, Inc.*

due to resource constraints, poor access to finance and technologies, and lack of an innovative work culture. Participants also had the opportunity to visit two companies in Seoul, Lutronic and MH Logistics, Inc., for onsite appreciation of an innovative organizational culture leading to competitiveness. 🌀