

Innovation and competitiveness in SMEs

Innovation involves deliberate application of information, imagination, and initiative in deriving greater or different value from resources and encompasses all processes that generate ideas and convert them into useful products or services. It must be replicable economically and satisfy a specific need. In business, innovation often results from the application of a scientific or technical idea to decrease the gap between the expectations of customers and the performance of a company. Today, increasing technological complexity, short product life cycles, and unceasing competition force SMEs to move beyond the change philosophy of continuous improvement to more innovative, radical ideas that will enhance their competitiveness. Innovative power is becoming one of the strongest deciding factors in the commercial success or failure of SMEs, which often confront barriers to innovation.

The APO in coordination with the Korea Productivity Center organized a multicountry observational study mission on Innovation and Competitiveness in SMEs in Seoul, 12–15 June 2012, to enable SME owners and those involved in SME assistance, research, or policy to witness current mechanisms for promoting innovation in SMEs to enhance their competitiveness. It was attended by 17 participants from 12 APO member countries. The mission gave the participants new ideas for promoting and creating innovation in their products services, processes, and policies. Chief Resource Person Ab. Rahim Yusoff summarized the innovation concept as, “Innovation is not only about inventions. It is also improvement in the way we do business, improved business processes, and better products and service offerings. It is about giving more meaning and value to outputs and providing solutions for higher customer satisfaction.” APO Secretariat Industry Department



A presentation by Sidiz Inc. during the site visit on day 2.

Program Officer Muhammad Idham reiterated that, “It is also a platform for SMEs to exchange views and concerns related to innovation to help enhance their competitiveness in the market.”

Participants had the opportunity to learn firsthand from various innovation activities in three excellent companies during site visits. SAC Co., Ltd. produces iron and steel plants, rolling plants, and industrial furnaces under the slogan “environment-friendly, energy-saving technology for green development.” Its industrial furnace operations rely on environmental and thermal energy. SAC also believes in contributing to its community. Red dot design 2012 award-winning Sidiz Inc. utilizes “innovative ergonomics” to supply a range of high-performance office chairs to the world. Laser-based aesthetic and medical systems are the specialty of Lutronic Inc. Its design innovations make the devices both intuitive and versatile, benefiting physicians and patients alike. 