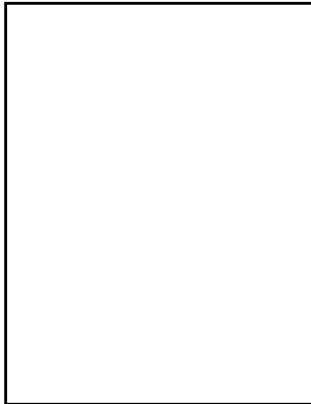


# Globalization of technologies

## Strategies for SMEs

Soo Young Lee

**SMEs contribute significantly to the development process and economic growth of the Asia-Pacific region. But they also face many limitations and challenges in the age of market and trade globalization. What they need to do is strengthen their technological base to make themselves competitive, so as to create a niche for themselves. The opportunities are immense. This article discusses how the technological capability of SMEs can be strengthened by augmenting resources both from inside and outside.**



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### Introduction

**S**mall and medium enterprises (SMEs) occupy an important and strategic place in many developing countries, particularly those located in the Asian region. They contribute significantly to the region's wealth and employment, as intermediate and final producers and also as consumers of goods and services. They are the primary vehicles by which new entrepreneurs provide the economy with a continuous supply of ideas, skills and innovations.

Strong SME sectors attract and enable foreign investors to establish and expand domestic linkages. Because of their ability to create jobs and their low capital requirements, SMEs can stimulate the growth of numerous indigenous enterprises with wide regional dispersal. This helps promote balanced growth, more equitable income distribution, and

a diversification of the industrial structure, which often leads to the increased utilization of national resources. SMEs thus play a critical role in creating the opportunities that make the attainment of equitable and sustainable growth possible.

Because of their size, however, SMEs face limitations that make them less resilient to risks and prevent them from attaining economies of scale. These limitations are particularly significant in the areas of human resources development and access to technology and information. On their own, many SMEs face difficulties arising from the adjustments they have to undertake in the face of the liberalization and globalization of markets.

On the other hand, with SMEs varying widely in size, capability, environment and organizational structure across the region's economies, it is dif