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SMIs urged to be creative, innovative

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DATUK Seri Dr Mahathir Mohamad yesterday called on entrepreneurs of small- and medium-sized industries to use creativity and innovative strategies in building up their market niches, both domestically and globally.

The Prime Minister said while the Government could provide some assistance and facilities to spearhead the development of the sector, the larger responsibility rested on the entrepreneurs themselves.

Towards this end, he added the competitiveness of SMIs could no longer be relied on cost efficiency alone, for equally important was the ability to offer products and services, with higher quality and greater value added, at internationally competitive prices.

Speaking at the opening of the Asean-East Asian Business Forum at the Putra World Trade Centre in Kuala Lumpur, Dr Mahathir said in the midst of changes taking place, the agility and ability to adjust and respond to market needs and demands were essential to SMIs.

Also present was Minister of International Trade and Industry Datuk Seri Rafidah Aziz.

An Asean-SMI Showcase which attracted a large number of local and foreign exhibitors is also being held in conjunction with the forum.

With reforms taking place globally affecting ways of doing business, trading and investment environment, Dr Mahathir said SMIs must be prepared to undertake changes to survive competition.

Noting that it constituted more than 80 per cent of the economy worldwide, the Prime Minister said the sector therefore assumed an important role in economic development of both developed and developing countries.

"In most countries," he said, "SMIs have been the source of employment, augmenting rural income, stimulating indigenous innovation, and creativity and indigenous technologies."

Alluding to the changes, the Prime Minister said SMIs must not only concentrate on building up entrepreneurial expertise but be competitive in the ever dynamic market place.

Apart from reminding entrepreneurs on the need to be vigilant and to keep abreast of the changes in the international trading environment, Dr Mahathir said they must also be able to produce and export world-class products in order to remain competitive.

He outlined several areas where improvement could be made in meeting the challenges.

These are adopting a global perspective of manufacturing and marketing operations; investing in the right type of technology and processes that can contribute to efficient production; undertaking research and development to develop new and improved products; as well as embarking on the promotion and marketing of products and services to gain significant market shares.

Unlike some East Asian countries such as Japan and Korea, Dr Mahathir said SMIs in most Asean countries were still weak in terms of inter-firm linkages with their larger counterparts.

He viewed such linkages as important not only to ensure the strengthening of the industrialisation base of the economy but also in providing market access as well as opportunities for cross-border transfer of technology and sharing of technical expertise.

Dr Mahathir said as the new millennium sets in, SMIs must assume a

greater and more important role in enhancing and strengthening the economy of Asean and the East Asian countries.

"Indeed, the different levels of economic development of both regions provide opportunities for developing and forging common strategies to exploit the complementarities in resource development and capabilities.

Touching on the economic dynamism of the East Asian region which continued to make great stride, Dr Mahathir said it was the result of sustainable growth in exports especially manufactured goods and increase in the flows of foreign investment.

Set against this scenario, he added it was envisaged that in a decade, Asean would emerge as a unified Southeast Asia sharing common goals and economic vision.

Dr Mahathir said this implied that adjustments needed to be made in the way investors and firms operated in the region.

"Under the new trade and industrial environment, companies are expected to locate themselves not to just serve one particular Asean country's market, but to look at the region as one large market."

He said that Asean, with Laos and Myanmar as new members and the entry of Cambodia at a later stage, would offer investors with an integrated region of economic opportunities.

He added that another development would be a more cohesive Asean collaboration in the areas of transport, energy and telecommunication and infrastructure development, among others.

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