

SMEs must adopt global mindset

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LETTERS: Small- and medium-sized enterprises (SMEs) comprise more than 90 per cent of businesses worldwide and provide more than 50 per cent of employment.

Their efforts contribute to the growth of the global economy and progress towards the United Nations Sustainable Development Goals.

When Covid-19 hit, SMEs worldwide were severely impacted. Studies show that the affected SMEs require support in terms of business continuity, digital transformation and resilience.

SMEs must continue their innovation, connectivity and digitisation processes in order to rebuild effectively and efficiently.

It is now more important than ever to engage businesses to assist them to build resilience, innovate and expand into new markets. Penetrating global markets is an option for SMEs in terms of business expansion.

In fact, going global is the driver of productivity for SMEs and start-ups to increase productivity and employment.

Thus, SMEs and start-ups need to be assisted in their efforts to reach global markets, form new partnerships and achieve scale.

According to the World Bank, the main obstacles in SMEs going global are finding a business partner, securing funding, complying with regulations, including Customs, addressing market access limitations, tackling language and cultural gaps, transporting goods over long distances, finding a suitable online payment system and having access to faster Internet connection to sell products online.

Therefore, SMEs that intend to go global must do their research and identify the right partners and experts to assist them in complying with the requirements and standards.

Strategic plans and basic knowledge are important in starting the exporting process.

FIRST, SMEs must have the right target market and product that offer value to customers compared with their competitors.

SECOND, since each market has its own cultural, social, economic and political background, SMEs need a clear export plan and localised strategy to enter the market.

Politics is actually a critical factor in the global economic landscape but is often overlooked.

In fact, political stability, attitude towards foreigners and foreign trade and the level of state intervention largely impact SMEs' capacity to enter a foreign market and to be profitable.

The Harvard Business Review stated that to make the right decisions, SMEs will have to use economic and political risk assessments if they wish to expand to other countries, especially those that are socially, culturally and politically different.

In addition to prior research, the best business plan and strategy, SMEs that wish to go global must have specific goals and deadlines.

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