

## By Invitation



Prof. Odeh Al-Jayyousi

### Innovative SMEs in a Globalized Market: Go Global Strategy

I was intrigued by the definition of the key performance indicator (KPI) set by Leipzig University innovation center in Germany. The KPI is to establish 40 SMEs per year. This explains the high number of SMEs in Germany. Moreover, the department for the promotion of innovation and entrepreneurship at Leipzig University has a program to build the capacity of students on e-commerce and on-line marketing to help SMEs to go global. The key message is that for small countries and firms, it is imperative to go global to find a niche market and make a profit. Innovation is defined as a core competency for SMEs who plan to be competitive in the global market.

The key question is how Bahrain can learn from the model of Leipzig University in strategic positioning and marketing innovation. A number of lessons can be learned in light of the global best practice. SMEs have high likelihood and capacity for all types of innovations including product, process, marketing, and organizational than big firms. Organizational innovations rather than technological innovations are crucial in explaining the global competitiveness of firms. This implies that creating a sound platform to market innovation in GCC is a key to diffuse and create value from SMEs.

Innovation in SMEs is critical for achieving competitiveness, resilience, and growth in a global market economy. For companies in Bahrain in the finance, technology, food, aviation, services and logistics, pursuing innovation at the global arena means the ability to commercialize new products and services so as to extend the technology frontier. The strength of global value chains is an indicator of the firm's export and innovation capacity. Empirical studies show that there is a positive relationship between exporting and innovation activity.

The capacity of the GCC to capture the value of research is vital for economic development. Many institutions in GCC like IBTIKAR, Dhahran Innovation Valley, Tamkeen, and Fab labs are key components in the innovation ecosystem. Also, universities in GCC are well-positioned to be incubators and centers for innovation and entrepreneurship. Close collaboration between industry and academia is necessary to ensure SMEs success. The mandate of universities is to mainstream innovation in research and development so as to support GCC needs and priorities and to address critical challenges in health, education, business and technology. Unlocking the intellectual capital through partnerships in research and development is critical for innovation. The adoption and diffusion of technological innovations through R&D institutions are essential for supporting SMEs in a new global economy.

To sustain innovation, both universities and SMEs in GCC must institutionalize innovation through developing smart KPIs along with innovation strategies, culture, and systems. Organizational innovation is underpinned by the constant search for new opportunities and a focus on action since innovation is achieved through everyday practice. Necessary conditions for an innovative SME include investing in human capital and R&D and harnessing global partnerships. In sum, SMEs to go global is a good model to pursue and to make it a reality.

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*(The views and opinions expressed in this article are those of the author and do not necessarily reflect the policy or position of this newspaper.)*

## Coordination meeting held

Manama

A coordination meeting was held yesterday to discuss sustainable economic development projects and Kingdom's long-term fiscal security.

The meeting follows the 2017 Government Forum, during which His Royal Highness Prince Salman bin Hamad Al Khalifa, the Crown Prince, Deputy Supreme Commander and First Deputy Prime Minister, directed government officials to lead a series of workshops to identify key objectives for the upcoming Government Action Plan (2019 - 2022).

Commenting on the outcomes of the meeting, Mohammed bin Ebrahim Al Mutawa, the Minister of Cabinet Affairs said citizens remain at the heart of development efforts. The meeting also discussed policies that underpin the Kingdom's diversification efforts by regulating public expenditure and increasing revenues.

The final outcomes will be handed over to the Ministerial Committee for Financial Affairs and Rationalising Expenditure for approval, following which it will be discussed at the first workshop which is anticipated to take place next week.

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