

SMALL AND MEDIUM BUSINESS IMPROVEMENT IN THE ASEAN REGION

Financial Factors

Edited by

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PREFACE

The identification of small and medium businesses (SMBs) as a target for development policy is a comparatively recent phenomenon. It is clearly linked to the realization in developing countries that large capital intensive industries which formed the basis of earlier development policies had failed to provide the hoped-for engine of growth. Only in the 1970s, as planners realized the mis-match between Western large-scale technology and local factor endowments, and as urban unemployment became an increasingly pressing problem, did attention turn to smaller scale and more labour intensive enterprises to provide possible solutions.

This is manifestly true to the countries in the ASEAN region. Development policies in these countries may be seen to reflect an increasing awareness of the significance of the less-than-large business enterprise in economic development. This in turn has led to official action, initially hesitant but now increasingly vigorous, to develop and support SMBs, financially and otherwise.

The ASEAN Small and Medium Business Improvement project seeks to contribute to this awareness of the significance of SMBs at ground level, and the dissemination of findings for policy action. The project is the collaborative effort of research teams in each of the ASEAN countries (except Brunei; the project was formulated before that country joined ASEAN), co-ordinated centrally at the Institute of Southeast Asian Studies. The general objectives of the project are:

- (1) to collect, develop and organize information relating to the role and potential of small and medium-scale enterprises in GNP formation, employment creation and industrial growth;
- (2) through overall analysis of problems involved, as determined through primary (field surveys and case studies) and secondary research, to identify and recommend economic policies and measures (institutional, educational and commercial) geared to the improvement of the small business sector in ASEAN countries;
- (3) to disseminate the findings and recommendations of the project in a readable and easily comprehensible form.

The first phase of the project focused on financial (including fiscal) factors affecting the improvement of ASEAN SMBs. In general, the research teams in each country obtained primary data from surveys they carried out, and supplemented this with secondary information on the effects of fiscal policies, and of government and financial institutions, on the finances of SMBs. Findings were then written up as country papers and presented at a workshop in March 1985.

The workshop's participants included several experts in SMB financing from both public and private sectors in the participating countries. Valuable feedback from this interaction between academics and practitioners was incorporated into the revised papers, ensuring that recommendations were as realistic as they were innovative.

This present volume is the distillation of the substantial body of work from that first phase. (Readers interested in the original papers should contact the respective writers.) The country-by-country format has been retained, although where relevant and possible, material has been

revised and updated. The country papers are preceded by Narongchai Akrasanee's overview with a schematic framework to help place the present set of studies -- and future ones -- in perspective.

It is hoped that this volume, and the ones following on Marketing Factors and Production Management, will contribute to an increased understanding of SMBs and their potentially powerful role in the economic development of the region.

Kenneth James
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General Editors