



## Small and Medium-Sized Enterprises

### **Accounting Standards for Small- and Medium-Sized Enterprises in ASEAN**

ERIA Research Project Report 2015-22

*Edited by Keisuke Mizunoura*

To succeed, small and medium-sized enterprises (SMEs) must have good financial management, able to secure and obtain financing, have vision and know-how to ensure growth, and be equipped with technologies and human resources that enable them to compete globally. SMEs should accurately understand their own business conditions and are able to draw up business plans that clearly communicate their objectives to financial institutions. ERIA has conducted several researches to investigate the need to improve SMEs' access to finance. This research investigates the accounting standards applied to SMEs in ASEAN and how those standards are spread to SMEs. It looks into the challenges that SMEs face in using accounting standard, and the measures needed to conquer such challenges. It also clarifies the gap between the ideal and the reality of introducing international accounting standards, and determines if adoption of these standards is progressing smoothly or not.

Only when the reality and challenges of the accounting system for ASEAN SMEs are clearly identified can the appropriate public policy throughout ASEAN be proposed and implemented.

## Globalization and Performance of Small and Large Firms

ERIA Research Project Report 2013-3

*By Chin Hee Hahn and Dionisius A. Narjoko*

Globalization in this research is broadly defined to include liberalization of trade and foreign direct investment, trade (exports and imports), international capital flows, outsourcing, and traded intermediate goods. Country studies were conducted for eight countries: China, Indonesia, Japan, Korea, Malaysia, Philippines, Thailand, and Viet Nam.

Growth performance of many East Asian countries has been far above international standard. There is a growing consensus that one key factor behind it is the increasing integration with the global market. However, there is also concern that the growth performance has been very uneven across firms not only in developed countries, such as Japan and Korea, but also in developing countries, such as Indonesia and Viet Nam. Compared to large firms, small and medium-sized enterprises are at a disadvantage to adjust to globalization in terms of increased import competition, expanded export opportunities, enlarged foreign investment opportunities, and increased global production sharing. The perceived view on the divergence and its possible linkage with globalization, irrespective of the existence of its factual basis, has become an important economic or socio-economic policy issue in many countries. This research attempts to shed some light on these issues

## 'Just Do Your Job': Obedience, Routine Tasks, and the Pattern of Specialization

ERIA Discussion Paper 2016-35

*By Filipe R. Campante and Davin Chor*

This paper studies the interplay between cultural attitudes and the economic environment, focusing on attitudes towards obedience in the workplace. It establishes two key stylized facts: (i) at the country level, an upward shift in workplace obedience over time is associated with more exporting in industries that feature a high routine task content ('specialization fact'); (ii) at the individual level, the degree of 'export-routineness' in the economic environment that respondents were exposed to in their formative years – but not in their adult years – shapes the pro-obedience attitudes that they carry with them in the workforce ('obedience fact'). Together, these two facts show that cultural attitudes on workplace obedience respond systematically to economic incentives, and that such a culture in turn shapes the subsequent pattern of industry specialization. The authors developed an overlapping generations model of human capital investment and cultural transmission to understand how this aspect of culture and specialization patterns in the economy are jointly determined in the long run. The model demonstrates the possibility of an 'obedience trap': countries may specialize in routine sectors (e.g. basic manufacturing) that foster a culture of obedience at the expense of more non-routine and potentially more productive activities.

## **Determinants of Demand for Technology in Relationships with Complementary Assets among Japanese Firms**

ERIA Discussion Paper 2016-38

*By Masayo Kani and Kazuyuki Motohashi*

There has been growing interest in open innovation, where firms create value by combining internal and external ideas. Technology insourcing, however, has not been satisfactorily investigated in the empirical literature compared to technology outsourcing. This paper examines the determinants of external technology sourcing by the type of counterpart in the new product development process. The paper uses a new product data set compiled by the Research Institute of Economy, Trade and Industry in 2011 and distinguishes whether the technology partner is also a business partner, such as a supplier or customer. Findings show that when the technology partner is not a business partner, patents play an important role in moderating the transaction costs in a partnership. On the other hand, when the technology partner is also a business partner, there is co-specialisation of technology and its complementary assets with the partner firm.

## **The Internationalisation of Firms and Management Practices: A Survey of Firms in Viet Nam**

ERIA Discussion Paper 2016-34

*By Isao Kamata, Hitoshi Sato, and Kiyoyasu Tanaka*

This study examines the role of management practices in the internationalisation of domestic firms through directly exporting and/or supplying to local affiliates of multinationals. A survey of manufacturing firms in Viet Nam investigated their management practices such as human resource management and internationalisation status. The survey results shed light on similarities and dissimilarities among firms in several dimensions of management practices. Findings reveal that internationalised firms tended to be more enthusiastic about the formal training of production workers, the modernisation of production and operation, and product and process innovation. Differences in skills and experience requirements for newly employed managers were less recognisable, but internationalised firms tended to hire managers who studied overseas. Furthermore, the use of public support in employee training, teamwork in production, and unionisation of employees did not show a significant difference between internationalised and non-internationalised firms.