In this issue, we will continue to draw our attention to the current global trend. In the "SME Development" section, expert demonstrated that for the SMEs in service industry, it is important to perform value-added development continuously. By combining both soft competencies and business operation, SMEs can enhance their strength and competitiveness in the global market. The expert identified several directions for SMEs to develop the strategies. Another expert reported the result of recent research by the Reserve Bank of Australia, indicating the factors influencing the survival of SMEs.

In the "SME Challenges" section, expert introduces the emerging "Shoring" of the US. Since many US suppliers in foreign industries face diversified exposure to natural disasters, some US companies are considering on moving parts of their offshore manufacturing capabilities back to the US. Therefore, US SMEs will be the biggest beneficiaries as the returns.

Under the "SME Policy" section, after introducing the concept of "mittelstand" in the last monitor, expert demonstrated supporting measures on promotion of "mittelstand". He emphasizes that the government needs to guide potential SMEs to establish a value-driven development innovation mode.

In the "Expert Perspectives" section, expert pointed out that although natural disasters bear unfavorable impacts on humans, the reflection of experiences would point out that the harsh conditions and economic difficulties go with natural disasters are actually the exploit also of the society at large. Therefore, it is important for us to develop some strategies to reduce the human capital loss and the impacts of natural disasters on human resources. In another article, expert referred that it is becoming more important to establish a community-based BCM with participations from all related organizations. In addition, the author illustrates the role of both public sector and private sector in the BCM scope.

In the "SME News" section, the 2012 Conference on Enhancing SMEs' Internationalization organized by Chinese Taipei was held on 9 November at the A02 Socrates Hall at the GIS NTU Convention Center. A total of nine speakers were invited to share with the audience their experiences in international SME meetings and events, the current development and future projects of key issues, and hands-on entrepreneurial lessons. We provide a complete report of the event.

Johnny Yeh
Executive Director
APEC SME Crisis Management Center
Value-Added Development of SMEs in Service Industry

The significance of service industry to economic development is becoming greater and greater. Therefore, it is important to continuously add value to facilitate the service industry. The experience economy and the personal economy (personalized services) are expected to play important roles in the development of the service industry and quality of services. In addition, when combined with "branding", these two types of economy are going to develop features of "weightless economy", allowing a conjunction of soft competencies such as "creativity, culture, local resources and esthetics" and business operation, so as to meet requirements for competing in a new era.

Because of oversupply and unbalanced supply, the industrial logic is undergoing a shift from the original "supply-oriented" strategy, such as industry classification, statistics or services, to "demand-oriented" strategy (consumer-oriented). This change is going to encourage an emphasis on diverse consumer values like "experience exchanges within consumption communities", "service innovation", "collaborative clusters" and "touching experience".

In order to meet the trend of globalization, an emphasis on localization is becoming greater and greater; companies have to respond to the changing environment, improve their strengths and present their features so as to react to changes in buying habits caused by a demographic structure of low-birth rate and ageing population. Services aimed at delicacy, quality, experience and style will be critical factors in business operation. Besides, globalization, rise of developing economies and intelligence convergence call attention on building cross-field and collaborative industry association.

There are several ways to assist service industry in facilitating business structure, exploring breadth and depth of business operation: in order to enhance unique and critical technique in certain areas and help "hidden champions", SMEs which are highly competitive in international market, to grow, the government should develop promotional strategies related to "hidden
champions", such as awarding prizes and offering guidance, as well as improving resources for those companies' greater exposure to international market. Furthermore, the government should keep working on providing "featured" resources based on existing "local industry" strategy. In this way, a high-leveled "local cultural industry" can be built. It is also important to offer guidance on linking local companies to international market. Meanwhile, a policy about "quality, experience or style" and a clear plan are feasible for improving performances of domestic-oriented industry. As for development of emerging industry, a featured and cross-departmental plan should be helpful in allocating cross-departmental resources. Building a comprehensive network for supporting resources is important for the growth of operational tools such as digital convergence, service innovation and traceability of products. Therefore, the service industry that combines both soft competencies and business operation can definitely develop strength for competing in a new era. SCM
Factors Influencing the Survival of SMEs

Recent research by the Reserve Bank of Australia (Black et al, 2012) has examined the factors influencing the survival of SMEs and they are summarised below.

Over the past ten years, on average, 0.3% of unincorporated businesses and around 0.5% of incorporated businesses have failed per year. However, the survival rates increased with business size. For small businesses (with less than 20 employees) operating in July 2007, 60% were still operating at June 2011. This compares with 76% for medium-sized businesses (with 20 to 199 employees) and 83% for listed (mostly larger) companies. This partly reflects the fact that successful small businesses are more likely to grow and become successful large businesses, while unsuccessful small firms are unlikely to grow into large businesses. The greater likelihood of small businesses to not survive is consistent with historical experience of the higher tendency of small businesses to default on bank loans. The average probability of default on bank loans for small businesses at the major banks in recent years has been around 2% compared to around 1% for loans to larger businesses.

Black et al (2012) argue that new businesses tend to have lower survival rates than existing businesses. These differences are more marked for smaller businesses. For example, the three-year survival rates for new small businesses (with less than 20 employees) are about 17 percentage points lower than the comparable rate for existing small businesses, whereas the difference is about 14 percentage points for businesses with 20 or more employees. This may reflect the tendency for small businesses’ revenue to be more volatile, the higher likelihood that newer businesses will begin as a small firm, and the greater amount of business planning required to attract investors before starting a larger business. There is not much variation in survival rates across industries, although small businesses have lower survival rates in all industries.

It is important to note that the vast majority of companies entering external administration (due to business failure) are small businesses (reflecting their large share of the business population). About 90% of companies entering external administration have fewer than 20 employees. The most common cause of failure nominated by external administrators is company management issues, especially poor strategic management and poor financial control. However, company management issues have become a less common cause of external administration since the downturn in 2008. On the other hand, economic conditions have become more prevalent as a cause of failure although their importance is still low in absolute terms.

According to Black et al (2012), there are certain characteristics that may make a business more vulnerable to distress, such as high leverage, significant debt-servicing burden, low profitability...
and limited liquidity. Small/medium companies (with 1 to 199 employees) which later deregister or enter external administration generally tend to be slightly more highly geared in the period nearing failure than surviving businesses. In many cases, the gearing of companies which later deregister or enter external administration increased noticeably in the one to two years prior to failure, potentially increasing their vulnerability to economic shocks and playing a role in their subsequent failure. Consistent with their increased gearing, their debt-servicing requirements also rose. During the financial crisis there was pressure on companies to reduce gearing. While the companies that became insolvent in 2009 and 2010 also reduced their gearing, they remained more highly leveraged than the surviving firms. Companies that become insolvent have other signs of potential vulnerability. For example, not surprisingly they tend to be less profitable and less liquid than surviving companies. As would be expected, in the lead-up to becoming insolvent, many companies experience losses. The share of loss-making companies has averaged around 40% for companies that subsequently became insolvent compared to around 20% for surviving companies over the past 5 years. Overall, the findings that lower leverage, higher profitability and greater liquidity are more common among small businesses that survive are consistent with the trends observed for large businesses.
Natural and human induced disasters and their impacts on the communities or industries that experience them are at one level the result of the interaction of the physical, social and built environments. However, less well recognized is that disasters are in part also the result of industry as a "rational actor" seeking to maximize both economic and social good. The result is that most disasters are the result what Dennis Moleti has called "Disasters by Design" e.g. they result largely because communities and industry, despite knowing to a greater or lesser degree the risks involved, proceed as rational actors to maximize profits and efficiency and with the belief that the risks can be managed. However, recent history has called into question the latter premise and industry has reacted accordingly.

The last two decades have seen major changes, both internationally and domestically, in the disaster risk profiles of US industry and its' supporting SMEs.

Internationally, the most obvious of the shifting disaster risk profiles has been a greatly expanded and diversified exposure to natural disasters, through US industries foreign suppliers e.g. the industries of Japan (the Tohoku disaster) and Thailand (floods of 2011). Indirectly other natural disasters such as the Eyjafjallajökull volcanic eruption in 2010 in Iceland severely interrupted global air commerce. These events dramatically raised a heightened awareness of the role of SMEs in the global and national supply chains and the dramatic effect they could have on the US economy.

Domestically, the terrorist attack on the World Trade Center in 2001 and Hurricane Katrina in 2005 represented "watershed" events in US disaster policy nationally and internationally. From a national perspective 911 caused major changes in of national and international corporate security whereas Katrina demonstrated the need for addressing domestic and international supply chain issues. More recently in 2011-2012 western states wildfires, southern and eastern US tornados and a nationwide drought, over 65% of the economy and with accompanying water supply issues, have had increasingly large impacts on the US and international supply chains overall and on SME’s in particular – particularly in the agriculture and food sectors.

The risk of natural and human induced disasters did not play a major role in the post-1990 corporate decision- making that resulted in major outsourcing to Asia. However, the abovementioned recent disasters in Japan, China and Thailand have shown that in many cases the issues of supply security and the efficiencies of "just in time" production are beginning to outweigh the rapidly deteriorating wage benefits that drove outsourcing in the past. Equally important to
many US companies are the overarching issues of increasing political risks associated with regional security, protectionism and labor relations that increasingly threaten supply security issues. The result of all of these factors is an increasing move on the part of US and international industry to return, expand or create new components of the manufacturing supply chain back to, or closer to, the US centers of manufacturing. The result has been the emerging "Shoring" of the US.

The "Shoring" of the US

The globalization of US industry has resulted in companies seeking locations that minimize costs and maximize efficiencies: as a result production facilities are now located worldwide. This has largely been done through "offshoring", the relocation of a whole process, piece of a process, a function, or a discrete piece of work outside the boundaries of the US, either within or outside the boundaries of the company. There are several indicators that the level of US "offshoring" may be reaching a plateau and that "onshoring", any direct investment into the domestic marketplace by a domestic company; "reshoring", the repatriation of production functions back to the US or; "near shoring", utilizing production close to the US; and "inshoring", foreign investment in production within the US are all increasing.

There is a considerable and growing body of research that many large companies are rethinking their offshore production locations. Surveys by Accenture Corporation and Boston Consulting Group (BCG) respectively reported that approximately 65% of US senior executives surveyed have moved their manufacturing operations in the past two years, with two-fifths saying the facilities have been relocated to the US and found that 37% of US companies with annual sales of USD1 billion or more planned to "reshore" production or were actively considering doing so. The BCG has estimated that production of up to 30% of the goods that the US now imports from Asia, in particular China, could shift back to the US by the end of this decade. This is of particular importance to US SMEs in that the resulting increase in manufacturing growth, combined with increased US exports, could add USD 80-120 billion to the US gross domestic product and directly and indirectly add an additional 3-5 million new jobs.

Major US companies such as Caterpillar Inc., Ford Motor Co., General Motors, Google, NCR Corporation, Coleman and Electrolux are already "reshoring" and "onshoring" a portion of their manufacturing capacity and both the Boeing Co. and General Electric have stated that they are committed to moving parts of their offshore manufacturing capabilities back to the US.

Further evidence of the shift is the "inshoring" activities of Nissan, Yamaha, BMW, and aerospace companies such as the European Airbus that is constructing a new facility in Washington State. Equally noteworthy is that Samsung Corporation invested over USD 3 billion in 2011 to expand a semiconductor plant in Texas that makes chips for iPhones and iPads, and is investing another USD 4 billion during 2012. The popular perception that Silicon Valley is moving all of its production offshore is belied by the fact that 8,000 new manufacturing jobs have been created there in the last two years. Additionally manufacturers of consumer electronics such as cell phones and computers, which were "outsourced" to Asia in the last decade are now "nearsourcing" the assembly of these products into the 125-mile deep maquiladora belt along the US-Mexico border. There, they are assembling the technology components imported from Asian locations.
Just in Time Manufacturing

A primary driver behind the "shoring" of the US is that of the Just in Time Business Model (JIT) in which production and stock processes are streamlined to provide greater efficiency, thereby greatly reducing storage and associated inventory costs.

A primary tenant of the JIT model is that rather than manufacturing and keeping large amounts of stock in anticipation of demand stock but constantly replenished as current need demand, therefore, production is run on a tight schedule. Corporations with JIT tight schedule requires having uninterrupted and immediate access to required resources: requirements that are problematic with long supply chains and even more so with respect to both distant (Asia) of local (hurricane Katrina) crisis events and shortages.

Two additional issues are of critical importance to the JIT business model and that directly impact on US" shoring" are that (1) sourcing and production may need to move closer to demand to reduce "total landed costs" for a product and (2) supply chain flexibility to meet consumer demand is becoming essential to being responsive to changes in consumer preferences.

Conclusion

Overall there is an evolution underway from the previous low-cost manufacturing strategy of the late 1990 and early 2000s to a more regional strategy for manufacturing. This does not mean that there will be a wholesale movement of US industry from Asia to North America. Indeed because Asia will remain a dominant, expanding and highly profitable market for the foreseeable future, offshoring will remain a major component of US industry. The "shoring" of US industry will have a significant ripple effect that will dramatically impact on US SMEs hit hardest by the movement of manufacturing to other economies as they will be among the biggest beneficiaries as it returns.
Promotion of "Mittelstand" Requires Supporting Measures

The Government has announced to develop "mittelstands" based on the existing SME foundation and will declare the "Mittelstand Advancement Program" open to application in October. The selected 50 enterprises from the program to be guided and fostered will obtain customized service from the Ministry of Economic Affairs (the "MOEA"). Furthermore, subsidies for the Technology Development Program (TDP) can be applied up to 50%, increase in recruitment of R&D alternative service is available, and R&D investment tax credit is preferentially applicable. These are the first step to encourage enterprises with an appearance of "mittelstands". However, the government has not only to foster potential "mittelstands" but also to think about how to establish the industrial development atmosphere required by "mittelstands".

Chinese Taipei has heavily relied on high-tech industries for years and emphasized development of the service industry in recent years. With wide expansion of higher education, majority of young people have a bias in favor of specific sectors in terms of employment and career development. Accordingly, even though unemployment rate of young people is running high, many traditional industries, which even undertake expansion of their plant scale, face a problem of manpower shortage. Few years ago, the planning panel of "2015 Industrial Development Vision" of the MOEA introduced the concept of "top blue collar workers", which was not only related to further development of our traditional industries but also closely associated with promotion of "mittelstands".

Last month I visited Sun Shine Fastech Corporation in Tainan. The Company is the largest screw nut manufacturer in the world, which can be likened to TSMC in the fastener industry. Sun Shine Fastech Corp. is an OEM manufacturer of producing screw nuts and certain screws for other manufacturers, focusing on the value chain with higher added value in the production procedure based on the position of the "Post-processing center", including heat treatment, examination, etc. Sun Shine Fastech Corp. started from its own business demand to develop examination equipment and consequently developed global high-value added fastener examination service, which covers a wide range of businesses from supply of automotive fasteners to "Fastener examination service business". In the fastener industry, Sun Shine Fastech Corp. has developed an operating model of manufacturing servitization and can be deemed another type of "mittelstands".

When walking in the manufacturing plant of Sun Shine Fastech Corp., I obviously felt a working atmosphere with no mess and oily and dirty environment, which was different from normal fastener plants. However, I could feel a certain level of temperature and noise generated
from operation of some machines in the broad traffic flow. An idea came out from my mind – if the broad traffic flow was covered by transparent materials and presented a more silent and cooler space, would it provide a more comfortable working environment for employees? In other words, traditional industries need to foster "Top blue collar workers" and business owners have to make effort in employees' working environment improvement and career planning.

Another feature that Sun Shine Fastech Corp. has is its emphasis on R&D and IT management. Especially, its ability of in-house development of equipment lays a vital foundation of expanding core competence and the organizational border, which is a significant feature of development of many "mittelstands" in the world (represented by Germany), emphasizing focus and depth in the R&D and innovation strategy. Therefore, the focus is placed on a specifically defined range of products without pursuing external or out-sourcing core competence. Consequently, the government should require correspondent results in terms of innovation from "mittelstands" even if it would like to support those enterprises in the R&D field. In conclusion, the MOEA needs to guide potential SMEs to establish a value-driven development innovation mode.
Human Impacts and Impacts on Humans of Natural Disasters: The Requisites of Competency, Synergy and Consistency toward Resilience

Are the damages of calamities the sheer doing of natural disasters? A reflection of experiences would point out otherwise. The harsh conditions and economic difficulties that go with natural disasters are actually the exploit also of the society at large.

While it is factual that natural disasters bear unfavorable impacts on humans, in many cases, the adversities had been the outcome as well of human activities. Take for instance the behavior of producers and consumers. Producers engage in income-generating activities (IGAs) without regard sometimes to natural resource conservation. The increasing number of consumers, on the other hand, pays little attention to proper waste management. In turn, the carrying capacity, productivity and sustainability of the limited resource base are compromised. This suggests that while exposures to temporal and spatial elements are generally beyond human control, the contrary is true for human-induced destructions.

Based on the 23 January 2012 report of the Regional Disaster Risk Reduction and Management Council (RDRRMC-X), reported damages from tropical storm Sendong\(^1\) was estimated at almost PHP 5 billion. The flashfloods triggered by the tropical storm resulted to substantial damage to properties, displacement of people, loss of livelihood and other economic activities, destruction of critical facilities, and decimation of communities and ecosystems, aside from a death toll of about 1,500 persons. The main cause of death was drowning due to flashfloods that resulted to strong current and high water level in the area.

It is sad to note that the impact of flood had been due to a number of anthropogenic factors. To a significant extent, the unreasonable economic decisions or activities by the residents and the poor implementation of human settlement and livelihood programs in Region X were reported to have contributed to the tragedy. There were other human activities in the watersheds, drainage basins and floodplains that led to deforestation. Logging, mining and short-term farming affected some watersheds, including the natural forests. Consequently, scores of soil erosion, sedimentation of rivers and flooding occurred during the heavy and incessant rains. Compounding these was the rapid urbanization that resulted to large portion of the land being covered with roads, buildings and other structures, thereby preventing soil infiltration. Meanwhile, the presence of dense settlements in flood-prone areas, including in floodplains, former mangrove areas, old waterways and in geologically unstable areas affected the behavior of the river systems. The clogging of drainage due to constricting garbage and debris from the burgeoning population has further interfered with the flow of the rivers.

\(^{1}\) The tropical storm that is known internationally as Washi directly and adversely affected the cities of Cagayan de Oro and Iligan on 16-17 December 2011.
Have the residents taken upon themselves the cudgels of being custodians of the environment and proactive partners of sustainable development? If ever they had, the extent of disaster damages could have been perhaps minimized. Time and again, relevant and cost-effective government action is a necessary but never a sufficient condition. The entire community must take part also and get involved consistently to realize the needed outcome.

This brings to recall the way Mt. Pinatubo eruption was monitored and managed in the past. What could have been the outcome if competency, synergy and consistency were absent during the eruption? The Mt. Pinatubo eruption in June 1991 was considered the second largest volcanic eruption in the world and by far the largest eruption to affect a densely populated area. It plumed out sulfur dioxide gases, pyroclastic flows, giant mudflows and high speed avalanches of ashes that reached as high as 21 miles and as wide as 250 miles. Fortunately, the scientists from the Philippine Institute of Volcanology and Seismology (PHIVOLCS) and the US Geological Survey had frequently monitored, correctly forecasted the volcano's eruption and timely issued alert and evacuation orders that resulted to the saving of at least 5,000 lives and at least USD 250 million in properties.

Nonetheless, the Mt. Pinatubo eruption does not in any way infer that everything was properly managed when it transpired. In fact, the delay in response of some local government units (LGUs) and the lack of cooperation by some residents left 800 persons dead. Hence, experience suggests that the fruits of PHIVOLCS and the US Geological Survey in constantly monitoring the tremors and mapping out of evacuation plans may not have happened if the synergy across stakeholders was absent. Without consistency in the disaster rehabilitation and recovery programs and full cooperation of target clienteles, the success of the program may have remained elusive. It should be mentioned that the eruptions have dramatically changed the landscape of Central Luzon and made the residents more susceptible to floods in the succeeding years.

Sometimes, the triggers of destructions start from simple daily practices. In some municipalities, for example, waste segregation is in place but apt garbage disposal is not observed. What happens to an inconsistent situation like this?

The experience in the August 2012 Habagat monsoon rains tells it all. Eighty percent of Metro Manila was covered in water nearly two meters deep after more than a normal month's worth of rain was dumped on the city in 48 hours. Many believed that the deadly floods that swamped Metro Manila were less of a natural disaster but more the result of human-induced practices. Aside from ineffectual flood control measures and lax enforcement of city ordinances, the floods were caused by tons of debris and garbage that clogged the drainage systems.

So, can we minimize the adverse effects of natural disasters? Can we do something to reduce the human impacts and the impacts of natural disasters on humans? Your guess is as good as mine.
Enhancement of Social Resilience with Community-Based BCM (Business Continuity Management) Leveraged by PPP (Public-Private Partnership)

I. The Networked Society and Increasing Importance of Community-Based BCM

In addition to the long history of natural disasters such as earthquakes, floods, or typhoons, Japan has experienced several large-scale earthquakes in recent few years. Also, due to the interdependencies within supply chains, there were several wide-area disruptions in the critical societal functionalities.

In the modern networked society, it is very rare that products and services are provided by a single organization, regardless of organizational form-public, private, or NPO/NGO. Most of the processes to develop and deliver the products and services are divided vertically and horizontally throughout the supply chains. In normal times, this is a very efficient and effective societal structure, but at the same time, it has a wide range of interdependencies within the system which may cause wide-spread chain disruptions for products and services in disaster situations. (Figure 1)

Taking into consideration that society is highly interdependent, it is almost impossible for an organization to have substantial resilience in operation if they just rely on BCM. BCM has its own limited scope and it is becoming more important to establish a community-based BCM with participations from all related organizations.
2. Emerging Needs for Expanding BCM Scope and the Role of PPP

To ensure that an organization which has interdependency with external organizations is resilient, it is important to expand the scope of its BCM to the comfort level.

2-1. BCM Scope in the Private Sector

In the private sector, a company should involve the entities that have interdependencies into the scope of BCM to assure its operational resilience.

**Corporate Groups**
A company has to share and leverage resources with other related companies or offices in the corporate group to enhance resilience as a group. There are actual cases in several global enterprises where various offices share and leverage materials and production capabilities, especially in manufacturing industries.

**Supply Chain**
A company has to discuss with its suppliers and buyers how to coordinate any emergency situations as a supply chain in operations and cost allocations. For example, in the semi-conductor industry, which has highly divided processes globally and automotive industry that has a huge range of suppliers from very different industries; they would have their own guidelines and most suitable practices.

**Industry**
A company has to share its experiences with other players in the industry in order to obtain intelligence for resilience and create a mutual-assisting structure. Regulated industries such as the financial industry share information and have benchmarking mechanisms in some economies.

**Local Community**
A company has to work with local communities including local residents, neighborhood associations, chambers of commerce, and local governments and agencies. Even large global enterprises have many local offices or factories that are physically located at local communities and share local resources and infrastructure.

2-2. BCM Scope in the Public Sector

A local government should consider interdependencies with the external entities such as local agencies, local community, central government/agencies, and neighboring local governments to make sure of the validity of its resilience.

**Local Agencies**
A local government has to use resources, commands, and control coordination to manage central/regional/local governmental agencies in the area. In the past when disaster has stricken a certain area, we often see ineffective coordination among local government agencies.

**Local Community**
A local government has to monitor and take necessary actions for residents and any organizations in the area. Risk communication is the up and coming keyword in this scope.
Central Government and Agencies
A local government has to report and request any necessary support from the central government and its agencies. National governance with delegated authorities to local governments sometimes causes delay in responding to disasters as an economy.

Neighboring Local Governments
A local government has to coordinate with its neighboring local governments before/during/after the events to protect and maintain resilience of the area and surrounding areas against shared risks or disasters.

2-3. Local Community as an Interface between Private Sector BCM and Public Sector BCM
With the expanding scope of BCM in both the public sector and the private sector, there is a common area for both sides. It is called "local community" and in this area, the Public-Private Partnership (PPP) is expected to play an important role so as to promote BCM on both sides and also to enhance societal resilience as a whole. (Figure 2)

3. Challenges for Community-Based BCM with PPP
Japan has a long history of natural disasters; the wide-spread natural disasters have forced every organization in the public and private sector to work together, but sometimes during the community's recovery process, these two sectors would have conflicts in resources. In past disasters, there have been implications regarding the limitations of one-way PPPs.

Public to Private Relationship
Public to private relationship is sometimes very sensitive from the fairness standpoint. Though many local governments prepare safety net for the stakeholders in their local community, activating a safety net for a specific private company tends to be delayed and sometimes not executed after
the disaster event. Local governments position their support to a specific company with legitimate reasons to maintain local business and to keep employment and the economy at a minimum level. However, it is always difficult to answer questions such as "Why that company?" or "Why that timing?".

Private to Public Relationship

Some regions have regional cooperation agreements for goods & services supply in disaster situations between local governments and local companies such as grocery store chains or food processing companies. However, most of these agreements are general and voluntary basis and expected its feasibility to be much lower than as agreed upon in the SLA (Service Level Agreement). In previous cases, some companies provided products and services with their honorable principle for corporate social responsibility (CSR) but not enough to cover all demands in the community.

The limitations of one-way PPPs include uncertainty and effectiveness of the partnerships. Partnership relations need motivations or incentives for both sides and it is better to be with tangible returns.

The definition of "partnership" in the existing dictionaries includes

- the state of being a partner

- a legal relation existing between two or more persons contractually associated as joint principals in a business

- a relationship resembling a legal partnership and usually involving close cooperation between parties having specified and joint rights and responsibilities

Those definitions suggest that the both side of the partnership need something that promote motivations or ensure incentives.

4. Conclusion and the Next Steps

In recent surveys on Japanese SMEs indicate a very low BCM implementation ratio: still less than 10%. However, this does not necessarily mean that Japanese SMEs have very low resilience because they have had a long history of community-based recovery from severe natural disasters. In order to enhance social resilience, more economic incentives should be developed to promote community-based BCM especially for SMEs that do not have enough resources for implementing BCM by themselves. Organic mutual supplement motivation from both the public and private sectors should be conceptualized to be applied to other countries or discussions in international standardization; so as to coordinate the public and private sectors to enhance social resilience in the PPP scheme.
The 2012 Conference on Enhancing SMEs’ Internationalization, organized by the Small and Medium Enterprise Administration (SMEA) of the Ministry of Economic Affairs (MOEA), was held on Friday, November 9, 2012 at the A02 Socrates Hall at the GIS NTU Convention Center. Nine speakers were invited to share their experiences through international meetings and events to assist SMEs, such as the current development and future projection of key issues, and hands-on entrepreneurial lessons. Over 150 guests have attended the conference, including SME owners, officials, and interested individuals. As SMEs often seek to enhance their understanding on the latest trend and development of SMEs in the international community and the entrepreneurial potential of Chinese Taipei, the conference served as an opportunity for the audience to exchange ideas and views with industry experts, where new topics and issues were discussed vividly, as well as in both width and depth.

International dialogue and transnational cooperation are vital to SMEs in this era as businesses face opportunities and challenges brought by globalization. Ms. Mei-Hsueh Lin, Deputy Director of SMEA, first extended her deepest appreciation for the efforts and contributions all the teams have made to improve the international visibility of Chinese Taipei. She then shared her participation to the 2012 ISBC in South Africa, and discussed how she was impressed by South Africa’s small local cultural product exhibition that leads to the opportunities of international cooperation. Besides her trip to South Africa, she also signified the importance of young entrepreneurship in the Asia Pacific Region, and introduced the APEC Startup Accelerator Initiative (ASA) proposed by Chinese Taipei in APEC SME Working Group Meeting in 2012.

During the first session of the conference, three representative from the projects of assisting local SMEs to internationalize and local SME representative shared their experiences. Molly Lin, Manager of the Corporate Synergy Development Center, introduced Chinese Taipei’s One Town One Product (OTOP) program, which successfully exhibits unique and refined image of local products that assisted the growth of local cultural industries. The local products, including rural leisure, tea, ceramic, handicrafts, and creative living products, well displayed the vigor and particularity of our culture. Afterwards, C.F. Fan, Associate of Innovation Management Department 2 of China Productivity Center, shared how Chinese Taipei’s delegation assisted SMEs in El Salvador to examine the production management and energy conservation and to deal with the difficulty of increasing costs of raw materials. It has not only delivered an eco-friendly concept, but also the accomplishment of diplomatic work and consolidation of friendship between
the two economies. Finally, Andy Chen, Vice General Manager of Vigor Kobo, shared how their company, through franchising traditional Chinese cakes and pastries bakery, succeed by adopting the blue ocean strategy that combines featured Traditional Chinese cake and tourism to develop an innovative product. Through setting the target market on souvenir and gift, it has brought massive prosperity and expansion to Vigor Kobo, and its products turned Vigor Kobo’s product into one of the most highly prized gift items in Chinese Taipei.

In the second session, Dr. Chia-Yen Yang, Director of Research Division IV of Taiwan Institute of Economic Research, introduced the APEC SME Crisis Management Center (SCMC), along with the APEC multi-year project “Improving Natural Disaster Resilience of APEC SMEs to facilitate Trade and Investment” launched this year. Sunny Chen, Deputy Secretary-General of the Youth Career Development Association Headquarters, shared her experiences on attending the Global Entrepreneurship Conference (GEC) and International Council for Small Business (ICSB) this year. GEC is the largest gathering of start-up champions from around the world and provide a unique opportunity to meet and network with some of the most successful and innovative entrepreneurs, while ICSB is the international membership organization to promote the growth and development of small businesses worldwide, and to bring together educators, researchers, policy makers and practitioners from around the world to share knowledge and expertise in their respective fields. The last lecture of this session is about the International Small Business Congress (ISBC) delivered by Vivian Yu, Chief Executive Coordinator of National Association of SMEs. She pointed out ISBC serves as a platform for delegates exchange ideas on approaches, experiences and lessons learnt in implementing policy measures and support programs for entrepreneurship and small business growth.

The afternoon session involved Steve Hsu, Deputy Division Director of Incubation and New Venture Business Division, Industrial Technology Research Institute, which he has shared his experience of attending the conference of European Business and Innovation Centre Network (EBN) and National Business Incubation Association this year. He demonstrated the current development and measures of incubation and innovation in Europe and USA, and then identified the three major resources provided to entrepreneurs by the Incubation Accelerator of the Start-up Taiwan program: mentoring, funding and networking.

Considering young entrepreneurship is the driving force for the economic growth, the emphasis of the final session focused on internationalization of startups and entrepreneurs. Jerry Kuo, CEO of Kuo brother’s, and Edward Huang, CEO of Tripnotice Inc., were invited to share their experience with the audience on engaging in the international environment as young entrepreneurs. Jerry Kuo suggested that startups should aim at local market, be familiar with the law and consumer behaviors, and consider competitiveness while going global. Edward Huang, on the other hand, demonstrated his ideas and concept on developing tripnotice.com., which provides a more efficient and convenient way by shortening time to study travel info and design customized itinerary. Given that abundant resources in Chinese Taipei such as talent, capital and market are essential for entrepreneurs, he had decided to move from Silicon Valley to Taipei to start new business. Both of them emphasized that startups must have good understanding of cultural differences between local and foreign markets. Their fascinating experiences encouraged many entrepreneurs who wish to start their own business to make their dreams come true, which has formed a huge momentum for Chinese Taipei’s SMEs in seeking for innovation.