

# Chapter 2

## Access to Support Services

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## Chapter 2

### Access to Support Services

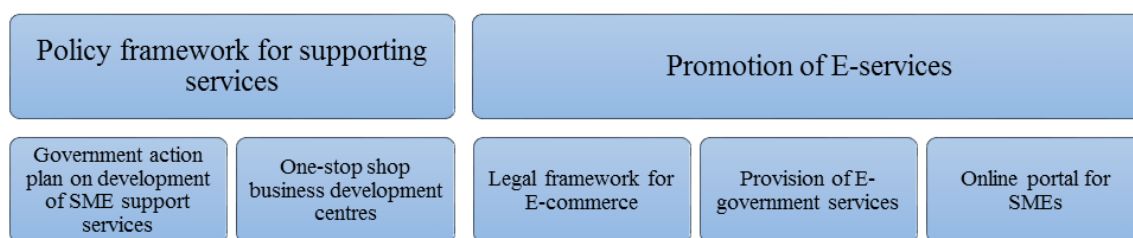
#### 1. Introduction and Assessment Framework

SMEs need support, either from the government or relevant business association, to help them grow. Access to support services is critical to build SMEs' capacity, to use information and communication technology (ICT) better, and to access information.

Lack of information hampers SMEs' identification of other resource factors. It occurs either because SMEs do not have the tools to gain the information they need, or because there is only a limited number of information providers. In most countries, SMEs suffer from inadequacies in the provision of business information. Said information are usually available only from fragmented and different institutions, are often slow and cumbersome to access, limited in scope, and not provided in an integrated manner.

Following the OECD (2009) and Tambunan (2012), two policy sub-dimensions are included for the access to general support services (Figure 7):

**Figure 7: Assessment Framework for Access to Support Services**



(i) **Policy framework to provide the support services** includes: action plan and the visible institution to provide services (business development services (BDSs)).

There needs to be necessary and sufficient resources (human and finance) that can be used for building the capacity of SMEs. For instance, the government can develop a

public-private partnership framework for BDS, a one-stop shop, with personalized services and quality assurance for SMEs such as training, counseling and advice, technology development and transfer, information, business linkage and networking, finance management, and alternative financing mechanisms. In addition, business incubations could be provided through the BDSs and other government agencies.

Because governments usually serve more as a facilitator rather than a provider, it can look at the concept of the BDSs and consider it as a prime opportunity to build public-private partnerships wherein the private sector can provide the expertise that SMEs need. For this, government should give incentives to private providers of BDSs.

In the early stage of development, resources and technical support from donors can be used with a clear phase-out plan. More emphasis should be put on information provision, business advisory services, and training, e.g., management, business plan, book keeping and accounting, financial literacy and network promotion. With more experience, capacity and resources, the government can then provide other more costly support in technological upgrading and incubating services.

(ii) **The promotion of E-services**, which includes adopting the legal framework for E-commerce, provision of E-government services, and online portal for SMEs

The use of the Internet is not only offering many advantages for the private sector but also for government. In a borderless economy, E-commerce is the key for business entities, opportunities to innovate, improvement of SMEs' efficiencies, and for gaining the maximum potential of domestic and international markets. However, the use of E-commerce among SMEs is still lower than their larger counterparts. Governments should therefore improve infrastructure, provide IT training, among others, to encourage SMEs to utilize E-commerce and other ICT applications.

E-commerce can help SMEs in enlarging their market shares, both in the domestic and international markets. For government, on the other hand, the use of the Internet for its services (E-government) will lead to cost savings and efficiency gains. An effective E-government will improve governance, management of processes, making strategic connections, and interaction with and involvement of the citizens.

The government should therefore take the lead to empower the information providers to support SMEs. Accurate and timely information are important for SMEs to

participate in the global market. Very often, the information available for SMEs are not consistent among relevant government agencies and the information they provide are not up-to-date. A very efficient mechanism is the provision of a single portal or entry point for SMEs to seek information in order to reduce time and cost of getting information.

The information entry point or portal should be user-friendly and interactive wherein companies can make online communication on rules and procedures. Among the information relevant to SMEs are business-related aspects such as market opportunities, sources of materials, taxation, price development, relevant standards and specifications, international best practices, related legal requirements and procedures, training opportunities, trade fairs, and exhibitions.

## **2. Assessment Results**

From the country reports, it is shown that access to support services is severely hampered for SMEs in the CLMV countries and Brunei Darussalam due to the lack of an action plan for the provision of support services, poor services of business development service centers (BDSs), lack of legal framework, underutilization of E-commerce and E-government services, and unreliable online portal for SMEs, compared with the more developed AMSs, i.e., Singapore, Malaysia, Indonesia, Thailand, and the Philippines (see Figure 8 and Table 3 for the individual country scores).

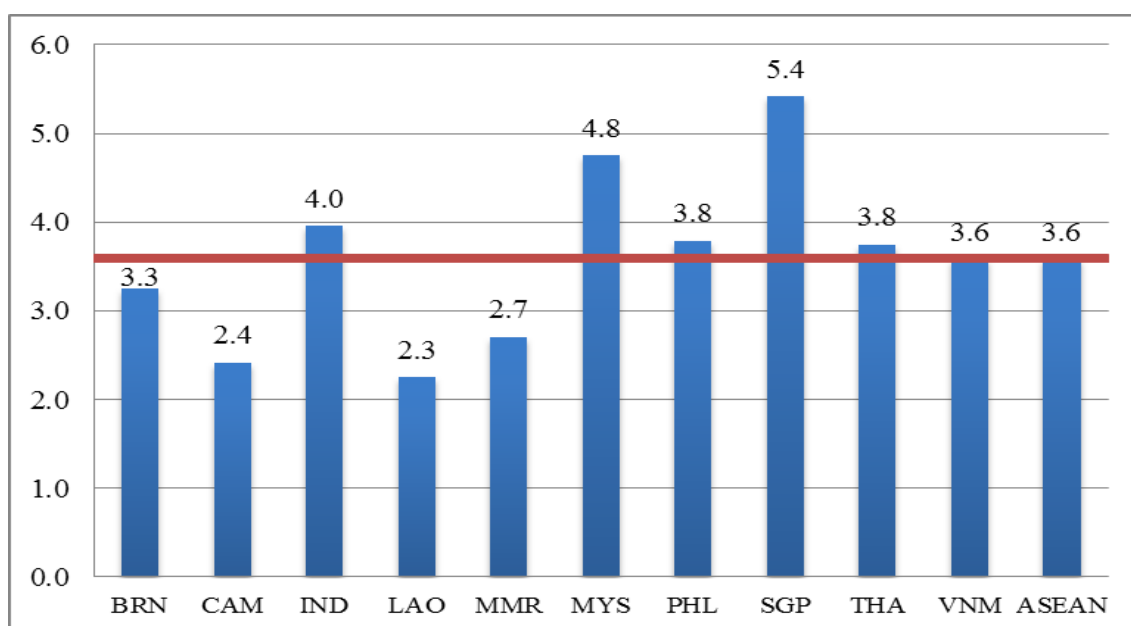
### **• Singapore**

SMEs are an important part of the Singapore economy, contributing 50 percent (S\$154 billion) of the total value added for all enterprises, and employing nearly 70 percent of the workforce (2.1 million workers). Singapore's SME development policies were last reviewed in 2009-2010 through the Economic Strategies Committee (ESC) deliberations and the formulation of SPRING Singapore's Enterprise 2020 Plan. Since then, the international and domestic economic landscape has seen considerable changes.

The SME Strategy Review was thus conducted in 2012 to review and update SME development strategies to ensure their relevance to SMEs.

With the goal of fostering a more conducive business environment for SMEs to operate in, one-stop SME Centers were established. These SME Centers provide business advisory services, organize workshops and seminars on capability development areas, and provide SMEs with business matching opportunities. Each SME Center is staffed by a team of business advisors who assist enterprises in areas ranging from legal and financing, to technology innovation and overseas expansion. Of the 10 SME Centers set up to date (November 2013), five are satellite SME Centers that extend the geographical coverage of the assistance to SMEs.

**Figure 8: Overall Scores for Access to Support Services**



These SME Centers fall under the EnterpriseOne Network, a multi-agency initiative managed by SPRING Singapore. A wealth of government information and e-services can be accessed through the EnterpriseOne portal which includes industry guides, how-to guides, and case stories. SMEs can also call the EnterpriseOne hotline for further enquiries and access government information on the go via the EnterpriseOne mobile phone application.

- **Malaysia**

The importance of SMEs to the Malaysian economy has been long recognised by the Government; hence, the special attention devoted to them in the country's five-year development plans. The policy framework to support SMEs, particularly those in the manufacturing sector, was also embedded in the three Industrial Master Plans (IMPs). The current SME Master Plan is an integral part of the New Economic Model (NEM) and the 10<sup>th</sup> Malaysia Plan to make the country a high income and developed nation by 2020. Among the initiatives to be undertaken include the lessening of the regulatory costs borne by SMEs, building capacity and capabilities of SMEs, supporting the creation of an entrepreneurial culture, strengthening support systems for SMEs and enhancing access to finance for SMEs. The government's action plan on the development of SME support services in Malaysia has been entrusted to a number of ministries and agencies. SME Corp., in particular, deals with specific SME development programmes.

To provide the relevant information related to SMEs, SME Corp. has established the One Referral Centre (ORC) located in its headquarters in Kuala Lumpur with 11 SME Corp. state offices available throughout Malaysia. ORC is the focal point for SMEs to get business advice and provide and disseminate relevant and updated information to the SMEs as well as to channel feedback from SMEs to related ministries and agencies.

E-commerce is widely used in business transactions and has been accepted as a new way of doing business in digital networks in Malaysia. The government recognises that the promotion of E-Commerce and enhancing its use will enable Malaysian SMEs to compete more effectively domestically and in the global market. The Malaysian E-government (MYEG) was launched to serve as a community-based information and service centre for the public to access information, execute transactions and interact with the government. In addition, to facilitate the establishment and registration of SMEs, information and facilities are provided for companies to apply for licences or permits to start operating business in Malaysia.

All important and relevant information on SMEs can be accessed through the SME Info Portal which serves as the online one-stop SME node providing information on all programmes available for SMEs such as access to finance, markets, infrastructure, technology and advisory services and information. SMEs can also obtain relevant information through the SME Corp. Malaysia's portal. The portal provides opportunities for SMEs to communicate through social media platforms such as Facebook and twitter for real time and up-to-date information on SME events or programmes, including issues confronting SMEs.

- **Thailand**

Details of the Thai government action plan to assist and provide SME support services are articulated in the Third SME Promotion Master Plan. The Plan has been implemented with moderate success since it began in 2012. If one would base the plan achievement on the previous outcome, all major targeted goals set in the Second Master plan were not met. (SME share in GDP to be 42% in 2011; growth rate of SME exports to be higher than that of total exports; SME total factor productivity growth with more than 3% per annum).

The OSMEP provides some business development centers for SMEs. These business development centers for SME, however, provide only a limited range of advisory services. Truly comprehensive one-stop service business centers should cover training, counseling and advice on business management, technology development and clinic, information database, business networking and linkages, and access to finance. The existing business development centers were not able to provide such integrated and comprehensive services and are also available only in limited number and locations.

Thailand has had an E-Commerce Act since 2001, with the supporting regulations and policies in place to foster E-commerce. More recently, the 2007 Illegal Activities with Computer Act was also put in place. Over the years, Thailand has extended the range of e-government services to civilians, businesses, and foreigners. E-tax filling has been used with success, and a wide range of e-procurement services is available. As of 2013,

an online portal for government services has served at least 20 ministries. Yet, despite these, general E-government services in Thailand may be considered as not being well covered and comprehensive.

As to the online portal for SMEs provided by the OSMEP, it can redirect users to key websites relating to SMES and gather some information related to SMES such as market portal, supplier portal, SMEs database system, SME registration and hotline. Information is also regularly updated and maintained. However, what limits the functionality of the portal is that the information related to SMEs coming from different government agencies are not centralized. While rules and procedures hindering SMEs can be communicated via the web board and hotline, these service platforms are not considered to be effective. In addition, the online portal for SME is not user-friendly enough.

#### • **Indonesia**

The policy framework for supporting services has been developed and implemented with moderate success in Indonesia. The action plan is exemplified by a range of programs, including business incubators, business development services (BDS) totaling about 1,096 and located in almost all regencies throughout the country, and centers for integrated commercial services called PLUT (Posit Layanan Usaha Terpadu). The government has established a network of one-stop shop business development centers across the nation, with customized services for SMEs. Meanwhile, the development of incubator business is yet to be amply developed since there is still no solid legal framework in the country to build incubators. Currently, government is not allowed to provide grants to incubators although it can provide facilities for the incubators.

In terms of e-services, Indonesia has promoted and implemented them with moderate progress. While the e-commerce law has been adopted with additional supporting regulations and policies to support e-commerce, the usage of e-commerce in business is still limited. Moreover, although the government has implemented e-government services wherein some transactions can be filed online, the software being used, however, allows only for a limited number of operations.



Several e-government services have also been introduced to the general public and to the business community. Among the examples are: the introduction of the National Single Window (NSW), a national integrated electronic system of 18 government institutions that provide export/import-related services, E-procurement system, and the registration for a Tax File Number.

There are several online portals for SMEs but they are not easily accessible nor user friendly for the SME community despite their being in place for some time now. Moreover, the updating and maintenance of information in the website is still done on an ad hoc basis. Furthermore, the portal does not allow SMEs to communicate interactively on rules and procedures, which is considered as a barrier to the further development of SMEs.

- **Philippines**

The 2004-2010 SME Development Plan highlighted the creation of globally competitive SMEs and the strengthening of government assistance in seeking new markets and product opportunities. To achieve its targets, the Plan focused on three major areas: enhancing SME operations, providing assistance to priority industries, and improving the SME operational environment. The Plan was succeeded by the 2011-2016 MSME Development Plan which covers a range of support services and has been implemented with moderate success.

SME Centers have been established to act as one-stop shops providing information, advisory, and consulting services in productivity improvement, technology upgrading, market information, product and market development, trade promotion, financing, and entrepreneurial development. There is a network of one-stop shop business development centers nationwide with personalized services for SMEs. The DTI has 101 Business Action Centers operating in regions and provinces all over the country.

Supporting regulations and policy are in place to foster e-commerce through the passage of the E-Commerce Act in 2000. The Act defined government policies on electronic

transactions and set the legal framework not only for the country's participation in e-commerce but also for the use of ICT in general. However, despite headways made in establishing a legal framework for e-commerce; in pushing for a stable online trade infrastructure; and in upping Internet penetration in the country, local e-commerce has yet to step out of its nascent stages.

With regard to online portals, the e-Services portal provides a single entry point for accessing government services. The Philippine Government Electronic Procurement System is a single, centralized electronic portal that serves as the primary and definitive source of information on government procurement. The eBayad, an internet-enabled payment portal, allows electronic payment to the government agencies. Some services can be filed online, but the software allows only for a limited number of operations. Recently, the Department of Science and Technology's ICT (DOST-ICT) Office launched the iGovPhil (Integrated Government Philippines) Project to strengthen the online presence of citizen-facing government agencies. The project will address common ICT-related problems in government such as lack of infrastructure and manpower, high cost of technology, lack of integration among government agencies and lack of connectivity in rural communities.

There are also several SME portals in the country. There is one centralized portal for SMEs that re-directs users to key websites for SMEs. The portal is regularly updated and maintained, is user friendly and gathers information related to SMEs from different public authorities active in this field. The primary portal is the SME.com.ph while two others are primarily focused on finance programs.

- **Brunei Darussalam**

The Decade to Spur SME Development includes some of the following frameworks for entrepreneurial development: Human resource development, Access to finance and capital, Access to technology and innovation, Increase of market access, Access to information and ICT, Good governance, and Developing production or manufacturing sites including basic infrastructure.

The EDC will provide all the relevant training for entrepreneurs and the support services required. The EDC will also be the main one-stop business development center that will assist the SMEs with counseling and advice on business management, technology issues, business linkage and networking, and general advisory.

The government has promoted the use of e-commerce through the Ministry of Communications, the Authority for Info-communications Technology Industry of Brunei Darussalam and the service providers, Telekom Brunei Berhad, DST Communications Sdn Bhd and B-Mobile Communications Sdn Bhd.

The government has been introducing a number of e-government services over the last few years and will continue to introduce more services that can be done electronically such as tax filing online, Provident Fund transactions, registration of companies, and business licensing. There are also other e-government services that can be done online such as application of pioneer status and registration for customs and excise. There is, however, no online portal as yet dedicated specifically for SMEs. Said project is still in the pipeline.

- **Viet Nam**

The policy framework for supporting services has been developed and implemented. The SME Development Plan 2011-2015 also set comprehensive Action Plan on supporting SMEs to access finance and credit sources and improving efficiency of capital use; supporting SMEs in technology innovation and application; providing information for assisting SMEs to expand their production and market, etc.

There are some technical assistance centers for SMEs such as the Hanoi Technical Assistance Center for SMEs, the Northern Technical Assistance Center, the Southern Technical Assistance Center for SMEs (SMESTAC), the Assistance Center for SMEs in the central region, and the SME Technical Assistance Centre under the Viet Nam Chamber of Commerce and Industry (VCCI). They act as one-stop shop business

development centers for SMEs. In addition, agencies for supporting SME development under the provincial people's committees or the department of planning and investment have been launched in some provinces. These centers and agencies play an important role in organizing and implementing support policies and programs for SMEs. One-stop shop business development centers are also available in certain localities, including Hanoi, HCMC, Binh Thuan and Da Nang, but Viet Nam still lacks a monitoring and evaluation system of the services provided by these centers.

E-Commerce has been applied in Viet Nam since the early 2000s and gradually developed during the past 12 years. E-commerce regulations have been promulgated but despite the adoption of the legal framework and the provision of solutions to many issues, the usage of e-commerce is still limited. According to the Master Plan on E-commerce Development for 2011-2015, e-commerce will be popularly used by 2015, targeting all SMEs to be making e-commerce transactions in the form of business-to-consumer or business-to-business.

Several e-government services have also been introduced to the public and business community such as in terms of taxation, export/import, business registration and bidding services, among others. According to the Master Plan, most of public services related to business-production activities will be provided online by 2015.

There is an online portal for enterprises (including SMEs) which redirects users to some key websites for SMEs. However, the portal is not regularly updated and does not gather information from all public institutions related to SMEs; Because of this, the portal does not meet the requirements of SMEs and not many SMEs access this portal. Furthermore, although the portal allows SMEs to communicate interactively on rules and procedures, in practice, the communication has not really worked.

#### • **Lao PDR**

Supporting information and services are important factors in developing the SMEs in Laos. At present, SMEs in Laos are still in the early stage of development and because of this, Lao SMEs need useful and effective support from government, donors, and non-

government organizations (NGOs). According to the SME Development Plan (2011-2015), providing information and supporting services is one of the most important policies to support SMEs in Laos. In this connection, the DOSMEP has established “Business Development Services (BDS)” to support SMEs in terms of supporting information, training and consultation services on accounting, finance, law, marketing, and others. Government’s plan to cover a range of support services has been implemented with moderate success. However, the development and operation of one-stop business service centers have been quite limited. Meanwhile, the e-law is still under consideration and the government has conducted a pilot service on tax at the Ministry of Finance. There is one centralized portal for SMEs which re-directs users to key websites for SMEs. Said portal is regularly updated and maintained.

- **Myanmar**

Until recently, the SDC and the Myanmar Engineering Society (MES) have taken the responsibility for SME supporting services with guidelines from the Central Committee and Working Committee for SMEs Development.

There are no one-stop shop business development centers for SMEs in Myanmar. Recently, in April 2013, a one-stop service center for investment was established in Yangon with the aim of facilitating the process of securing all the administrative and legal requirements in one location for both foreign and domestic investors. Officials from all relevant ministries and departments will be at the center to support the investors. However, at present, the services provided for SMEs seem to be limited.

E-commerce is still not widely applied in domestic business transactions other than for procurement purpose by some private firms. The E-commerce law is also under consideration and e-government services are also in the early phase of implementation. Some applications such as the e-departure form for immigration, visa application, and export/import license application services, however, can be accessed online.

The Ministry of Industry provides an online portal for SMEs. However, its usage by the SME community seems to be limited. Also recently, a new online portal for SMEs has been in the process of development and is expected to be activated within two months. The new portal is being planned to replace the existing portal at the Ministry of Industry. It will provide the information for registration, financing, training courses, custom procedures, market access, and industrial zones, and will link with related organizations and agencies.

- **Cambodia**

Overall, the policy framework for supporting SMEs is already in place with a certain degree of implementation. Details of the government action plan to provide SME support services are well articulated in the SMEs Development Framework, which was introduced in 2005. Key activities cover business development services, access to market, technology and human resource upgrading and promotion of linkages. To implement all of these, the MIME set up a governance working group to conduct the inspection of factories and established an industrial information center to receive public complaints. Moreover, the MIME also facilitates the organization of government-private sector fora at the provincial level to address business issues at local levels.

To streamline the administrative procedure for SMEs, the MIME set up a single window. Moreover, a one-stop shop business development center for SMEs was also established wherein a limited range of advisory services are available, including training, counseling and advice on SME registration and other industrial regulations and legal matters. A hot line was likewise set up to receive complaint calls from SME owners regarding government's official misconduct. The service, however, is still limited only to Phnom Penh and not yet widely available. There are also observations made that on the part of the SMEs, they seem to be reluctant and complacent in updating their knowledge and technology in spite of the support service being put in place by the government.

In terms of ICT penetration, despite its recent boom, Internet penetration rate is still very low among ASEAN SMEs, including those in Cambodia, due to computer illiteracy of SMEs. As such, the promotion of E-service is quite poor. However, the government has started to promote E-service by preparing the E-Commerce law through the Ministry of Commerce. Comprehensive E-government infrastructure has likewise been gradually developed by the National Information Communications Technology Development Authority (NIDA).

To disseminate SME-related information, an online portal for SMEs has been set up. This portal is user-friendly and gathers information related to SMEs from different sources. It also allows users to communicate interactively on rules and procedures that are considered as barriers to SMEs.

**Table 3: Access to Support Services**

	BRN	CAM	IND	LAO	MMR	MYS	PHL	SGP	THA	VNM	ASEAN
<b>2.1 Policy framework for supporting services</b>	<b>3.5</b>	<b>3.0</b>	<b>4.3</b>	<b>2.5</b>	<b>2.8</b>	<b>4.5</b>	<b>3.8</b>	<b>5.5</b>	<b>3.5</b>	<b>3.5</b>	<b>3.7</b>
2.1.1 Government action plan on development of SME support services	4.0	3.0	4.0	3.0	3.0	4.0	3.5	5.0	4.0	3.5	3.7
2.1.2 One-stop shop business development centers	3.0	3.0	4.5	2.0	2.5	5.0	4.0	6.0	3.0	3.5	3.7
<b>2.2 Promotion of E-services</b>	<b>3.0</b>	<b>1.8</b>	<b>3.7</b>	<b>2.0</b>	<b>2.7</b>	<b>5.0</b>	<b>3.8</b>	<b>5.3</b>	<b>4.0</b>	<b>3.7</b>	<b>3.5</b>
2.2.1 Promotion of E-commerce	4.0	1.0	4.0	1.0	2.0	4.0	4.0	5.0	4.5	4.0	3.4
2.2.2 Provision of E-government services	3.0	2.0	4.0	2.0	4.0	5.0	4.0	5.0	4.0	4.0	3.7
2.2.3 Online portal for SMEs	2.0	2.5	3.0	3.0	2.0	6.0	3.5	6.0	3.5	3.0	3.5
<b>Average</b>	<b>3.3</b>	<b>2.4</b>	<b>4.0</b>	<b>2.3</b>	<b>2.7</b>	<b>4.8</b>	<b>3.8</b>	<b>5.4</b>	<b>3.8</b>	<b>3.6</b>	<b>3.6</b>