

Business associations say schemes to help SMEs can be fine-tuned

By Wong Siew Ying
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SINGAPORE: Some business associations have said there has been a strong push by the government to help small- and medium-sized enterprises (SMEs) cope with the challenges of economic restructuring.

These efforts are on the right track, but they said some schemes can be fine-tuned to help firms regionalise or adopt a more "inclusive growth agenda" for SMEs.

This comes after Prime Minister Lee Hsien Loong said in his National Day Rally Speech on Sunday that the government will help SMEs find a way to make it.

There is no U-turn on the government's foreign worker policies, but Mr Lee said the government understands the challenges faced by the SMEs and will find ways to support them.

Earlier this year, the government rolled out a three-year S\$5.3 billion Transition Support Package to help SMEs reduce business costs and raise productivity.

The Association of Small and Medium Enterprises (ASME) said most companies in Singapore have accepted the "new realities of the manpower crunch".

But more help can be offered to companies looking to regionalise.

Kurt Wee, vice president of the Association of Small and Medium Enterprises, said: "There was a merger and acquisition scheme in the last Budget announcement. I think that is something which the government could look at in expanding in a very serious way, not just encouraging local SMEs to merge and become stronger and bigger SMEs, but maybe even helping local SMEs acquire foreign SMES to expand their business space. This will give the businesses more breath, more balance and diversification."

ASME said that while existing schemes to build the talent pipeline for SMEs have worked, more can still be done as there is still a shortfall in technical, engineering and service staff.

The Singapore Business Federation (SBF) suggests that university students can be trained as facilitators to help small companies assess and apply for various government grants - as part of their industrial attachments with SMEs.

The Singapore Management University (SMU) suggests a placement scheme to help identify and match professionals who are unemployed to work at SMEs to help the businesses build up their capabilities.

Annie Koh, who is Associate Professor of Finance at SMU, said the government could co-pay the wages of these professionals, who may be contracted to work with the SMEs for a period of six months.

Some observers have mooted for a more inclusive growth agenda for the corporate sector, citing an example in the construction sector.

Associate Professor Koh said: "There are so many different players within the construction sector; it is not just the construction companies, it is also the valuers, the surveyors, the developers.

"Do we have a system or a scheme where maybe you have to share back? You might have developers doing less margins and surplus and then trade it back to the others, because without construction, you cannot have your buildings developed."

SBF added that the government could also tweak its procurement policies to level the playing field for SMEs.

An example would be by giving SMEs a longer period of time to prepare their bids for government projects due to the constraint in resources.

Associate Professor Koh said that looking ahead, as SMEs seek growth and make changes to cope with economic restructuring, there is a need to ensure that they do not become over leveraged, as borrowing costs are expected to rise with the tapering of stimulus measures in the US.

- CNA/ms