

SME Development in Singapore

Of Entrepreneurship Infrastructure and SME Strategies

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Introduction

Local enterprises in the form of small and medium-sized Enterprises (SMEs) need to be fostered in any economy. They form the little acorns from which large enterprises and future multinationals grow. There is a need for a vibrant SME sector. Much research has shown these enterprises account for job creation, innovation and entrepreneurship in many economies.

Yet they face constraints for their growth depending on the prevailing industrial and market conditions. To develop vibrant local enterprises, there is a need for relevant and appropriate policies to address the needs of SMEs. SME policies put in place in economies do much to help them in their development. Yet the policy offerings whether by way of incentives, assistance, regulations, law, information, are shaped by the state of development the SMEs are in, the desired economic development outcomes in particular the development intentions for SMEs, the environment conditions among other factors.

In this paper we examine the environment of SME policies in Singapore and how these policies have developed. This paper begins with a discussion of the SME policies in general introducing the concepts of entrepreneurship infrastructure and SME strategies. It then proceeds to argue that underlying all SME policy offerings is the role of entrepreneurship infrastructures and what they provide. It then proceeds to discuss the entrepreneurship infrastructural provisions in Singapore over time in the third section.

SME Policies

Size and SME Policies SMEs have been variedly defined in the many economies. Most economies use employment size or size of capital as a means of defining SMEs for policy purposes. However, there is no universal definition. A recent compilation of definitions by the APEC Secretariat is shown in Table 1.

Table 1: Summary of Main Definitions of SMEs in selected APEC Economies

Country	Definition of SME	measure
Australia	Manufacturing - less than 100 employees Services - less than 20 employees	Employment
Canada	Manufacturing less than 500 employees Services less than 50 employees	Employment
PRC	Varies with industry, usually less than 100 employees	Employment
Indonesia	Less than 100 employees	Employment
Japan	Less than 300 employees, or ¥10 million assets Wholesaling - less than 50 employees, ¥30 million assets Retailing - less than 50 employees, ¥10 million assets	Employment/ assets
Korea	Manufacturing - less than 300 employees employment Services - less than 20 employees	
Malaysia	Varies. Less than RM 2.5 million and less than 75 employees. Definitions are for SMI. Different for Bumiputera enterprises	shareholders funds employees
Philippines	Less than 200 employees, P 40 million	Assets Employment
Singapore	Manufacturing - less than \$12 million fixed assets Services - less than 100 employees	fixed assets employment
Chinese Taipei	Manufacturing - less than NT\$ 40m paid up capital and less than total assets of NT\$120m. In business, transport, and other services - sales of less than NT\$ 40m.	paid up capital assets and sales
Thailand	Less than 200 employees for labor intensive Less than 100m Baht for capital intensive	Employment Capital
USA	Less than 500 employees	Employment

Source: Hall, C. 2002.

For the purposes of this paper, the definition of SME is less important than an understanding of the policies. Hence we shall not delve into the discussion on the merits of the definitions suffice to note that the criteria employed are indirect manifestations of the underlying policy. An economy that chooses to support growing enterprises might not provide any assistance to the smaller enterprises. By defining SMEs to be a certain size, an economy would exclude smaller enterprises.

Entrepreneurship vs SME Policies. Lundstrom & Stevenson (2005) draw a distinction between SME policies and entrepreneurship policies. The first are policies addressing SMEs in general. Entrepreneurship policies, on the other hand, may impact selected SMEs at the startup phase, but seek to develop venture creation and/or entrepreneurial spirit in the economy. Entrepreneurship policies unlike SME policies that specifically target enterprises, could address the general climate towards entrepreneurship. As such, entrepreneurship policies could address children in schools, the education system, the media and the role models that are depicted on national television for example that could inspire individuals to start businesses. There is undoubtedly some overlap between these two types of public policy.

Lundström & Stevenson (2005) differentiated between the two categories nonetheless and Table 2 below reproduces their comparative table. In Singapore, policies addressing entrepreneurship have been dealt with as part of SME policies.

Table 2: Characteristics of SME Policy and Entrepreneurship Policy: A Comparison

Characteristics	Traditional SME Policy	Newer Entrepreneurship Policy
Outcome	Firm growth, productivity growth.	Growth in entrepreneurial activity (i.e., in number of business owners and firms).
General goal	Create a "favourable business climate" (e.g., tax regime; marketplace frameworks; reduced red tape).	Create a 'favourable entrepreneurial climate and culture' (e.g., few barriers to entry, promotion of entrepreneurship in society).
Specific objective	To help individual firms modernize, expand or improve competitiveness.	To encourage more people to start their own businesses and provide opportunities for them to learn about the entrepreneurial process and develop the necessary skills.

Table 2: Characteristics of SME Policy and Entrepreneurship Policy: A Comparison

Characteristics	Traditional SME Policy	Newer Entrepreneurship Policy
Focus	On firms rather than individuals.	On individuals rather than firms.
Stage of business cycle	Primary focus is on support after the business has actually started.	Support is offered in the nascent stages as well as during the critical first years of start-up.
Client groups and targeting	Existing firms. (Often) targets high growth sectors or high growth firms (i.e., "picking winners" approach).	Nascent and new entrepreneurs. Targets the general population and (often) segments within it (e.g., women, youth). Generally no sector targeting.
Policy priorities	Reduce red tape and paper burden for existing SMEs	Reduce procedural, regulatory and taxation barriers to business entry.
	Improve access to financing	Facilitate access to micro-loans, seed capital and other start-up financing.
	Improve SME access to information (provide business, economic market, government regulatory and programme information).	Improve access to start-up information and advice, entrepreneurial know-how.
	Facilitate SME's access to domestic and international markets (e.g. tariff reductions, export subsidies).	Facilitate networking activities and exchanges to promote peer-learning, partnering and dialogue.
	Improve the competitiveness of small firms (e.g. management skills, strategic consulting).	Increase opportunities for people to learn the entrepreneurial process and skills for starting a business (e.g., education, training); enhance the quality of start-up support services.
	Foster R&D and technology adoption among SMEs (e.g., technology transfer).	Create awareness of entrepreneurship as a viable option (e.g. profile role models, influence public attitudes).
Primary policy levers	Use of financial/fiscal incentives to lever specific SME activities (e.g. R&D investment, exporting).	Greater use of non-financial levers (except in the case of start-up and seed financing).
Time period for results	More immediate (aims for results over a three-to-four year cycle).	More long-term (process perspective requires time).

Source: Lundstrom & Stevenson (2005).

Some areas of overlap could exist in training as nascent entrepreneurs and SME owners may require training in management and business processes. Both categories of individuals may require professional assistance from lawyers and accountants. They would need information about industry sectors and country market information should they seek to export or establish new ventures abroad. As such for the purposes of this paper, we adopt the same approach as adopted by the Singapore policy makers not differentiating between the two types of policies.

Entrepreneurship Infrastructure: the means. If one were to take a step back from the specific policies captured within SME and entrepreneurship policies, it would be possible to see that the measures constitute what my colleagues and I have called "entrepreneurship infrastructures" (Tan, Young and Tan, 2000). While industrial infrastructure represents the place-specific notion of the facilities and services underpinning all of the industry and populations residing within a given location (Vaughn, 1983; Porter, 1990), entrepreneurial infrastructure, represents a sub-set of the more general industrial infrastructure concept. Entrepreneurial infrastructure represents the facilities and services present in an economy which encourage the birth of new ventures and the growth and development of SMEs.

The idea of entrepreneurship infrastructure had been considered by other researchers. Entrepreneurial infrastructures include: (a) the development of resource endowments for basic knowledge, (b) financing mechanisms, (c) competent labor, and (d) an institutional governance structure which legitimizes, regulates, and standardizes the activities of industry members (Van de Ven (1993). Another explicit reference to the "new venture infrastructure" concept was made by McMullan and Long (1990). McMullan and Long (1990) considered the components of a "new venture infrastructure" to be entrepreneurship education, incubators, and venture capital. They considered these components of the infrastructure to be complementary and mutually supportive of each other.

Entrepreneurial infrastructures provide support to potential new business owners, owners of small growing businesses, and existing small and medium-sized businesses in the form of: (1) assistance with tasks which the business owner or small firm must accomplish, (2) resources - physical or monetary, (3)

information, and (4) knowledge. Such infrastructures are important for community economic growth and development because communities can influence the level of entrepreneurship activity within their domains by influencing elements within the entrepreneurial infrastructure (Bull and Winter, 1991).

Assistance with Tasks: Conceptually, one can consider the tasks which the business owner performs within the operating domain of the business as internal tasks. Such internal tasks would include planning, directing, and organizing various functional activities of an enterprise. Likewise, one could consider tasks performed by others, in various functional areas, within the boundary of the enterprise as internal tasks. Using these perspectives pertaining to internal task processes, the decisions of individual entrepreneurs or representatives of businesses to seek assistance in performing their tasks, from entities outside the business, can be viewed as decisions to form boundaries with external individuals or organizations (Mackenzie, 1986).

Required Resources: physical or monetary In order to function effectively, business owners and small firms require facilitative resources. For instance, with regard to business creation, potential business owners require adequate physical accommodations and capital. To the extent that physical facilities and installations exist and are able to accommodate aspiring business owners (e.g., incubators) and growth-oriented businesses (e.g., industrial parks) or, that capital sources are adequate (e.g., venture capital firms), the infrastructure support network is effective.

Required Information: Growing SMEs require information in order to effectively carry out their work. For instance, information is needed regarding the environment. Such helpful information, which can assist business owners in making effective decisions, would include economic, market, legal, technological data, and other environmentally related data. This information and data could be made available from facilities established within the entrepreneurial infrastructure.

Required Knowledge: SMEs will be ultimately successful only if the business owner or firm has attained a level of knowledge which is adequate for accomplishing the tasks with which they are faced. Such knowledge,

which is stored in the business owner's long-term memory, can be acquired by experience through trial-and-error while operating the business (Reuber and Fischer, 1993). However, entrepreneurial knowledge can also be acquired through formal training in the concepts and skill areas which can be directly applied within the business venture (e.g. Barnes and Jones, 1995; Gosh and Block, 1993). When facilities exist to encourage the transfer of such knowledge, these facilitates are said to be components of the entrepreneurial infrastructure.

To illustrate the concept of entrepreneurship infrastructure Table 3 below maps some of the elements present in Singapore's entrepreneurship infrastructure at present. There are a host of government assistance programs in Singapore that address the needs of SMEs. They can be found at the new website created for the purpose: EnterprriseOne (www.enterpriseone.gov.sg).

Table 3: Illustration of Singapore's Current Entrepreneurship Infrastructure

Assistance with tasks	Required Resources	Information	Knowledge
Management consultants whose charges are reimbursable under the <i>Local Enterprise Technical Assistance Scheme</i> .	SMEs can seek financing from the financial institutions under the <i>Local Enterprise Financing Scheme</i> where the loans are guaranteed by the government.	The National Library Board is planning to provide an information search service for SMEs funded by the government SME agency.	Executive programs designed to equip SME CEOs and offered at the three local universities: National University of Singapore, Nanyang Technological University and Singapore Management University.
Enterprise Development Centers have been funded and established in the past two years at industry associations to assist their SME members.	<i>Loan Insurance Scheme (LIS)</i> SMEs can secure loans by getting them insured against default. The government will subsidize 50% of the insurance premium.	Information is available through the SME First Stop Hotline. The SME First Stop links the enquirer to the relevant agency and information sources.	<i>Short courses</i> organized by various consulting firms, professional bodies and commercial schools that SMEs can avail themselves to.

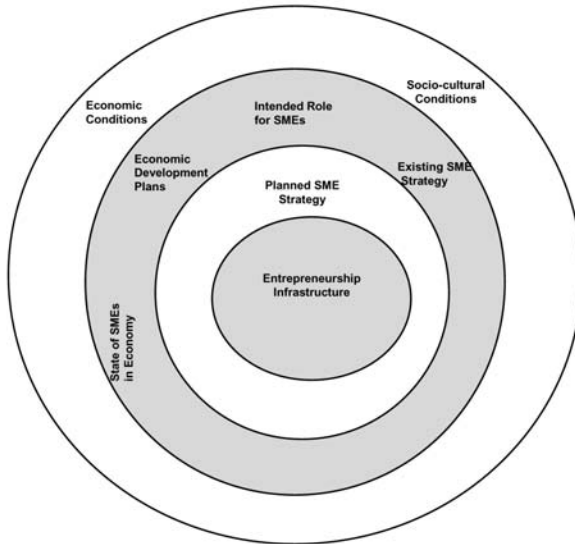
SME Strategy. Entrepreneurship infrastructures are the means for SME policies. In truth the SME policies are contingent on the strategies that the policymakers have decided upon for the SMEs. If SMEs are not the primary focus of economic development attention, the level of incentives offered to them, the amount of public finance allocated and the types of programs developed, would differ. The Taiwanese government, for example, placed an emphasis on the development of SMEs and technology diffusion to its SMEs, hence the priority in policies and the presence of the SMEA, which has a higher profile and role than other economies. In recent years, other economies have followed with the establishment of the appointment of a minister for entrepreneurship as in Malaysia. Singapore appointed its first minister-in-charge-of-entrepreneurship in 2003.

While we have used the term SME policies, at this point we introduce the term SME strategy because the word "strategy" connotes direction and purpose. Further, it allows us to discuss measures at different levels of strategies and capable of addressing different groups in fashion the term is used in corporations to speak of corporate strategy as opposed to business strategy, and strategies on for different functional areas such as marketing and human resource, or globalization. SME strategies can be broad based or narrow in their reach. Just as in corporate strategy where the strategies could be for the whole corporation, for specific business sectors, for specific units, SME policies could address all SMEs (broad) or SMEs in specific sectors (narrow). An education programme to train up managers with skills SMEs would be a broad SME strategy. Raising the productivity of SMEs in general through incentives, training for the development of work improvement teams, a national campaign to raise awareness of productivity among SMEs, etc. is another example of a broad strategies at the enterprise level as opposed to affecting their environmental factors such as regulations, labor force, wage levels, etc..

Plans to introduce new technologies and to expose the SME owners in the furniture manufacturing sector to best practice is an example of narrow-based strategy at the sector level. Establishing a retail promotion centre to help retailers improve their store looks, lighting, processes and service is another example of a sector strategy.

The choice of strategy and accompanying entrepreneurship infrastructure is a result of various factors. These considerations need to be borne in mind when evaluating the SME policies of any economy as the policies are contingent upon local conditions. An attempt to depict these factors is shown in Figure 1 below.

Figure 1: Factors Shaping SME Strategy



The general economic conditions would have an impact on the economic development plans. Here attention has to be paid to the international trends that are likely to impact the economy and the SMEs. As the emphasis is on strategy, there is a need to take the long term view and look far out into the future. The SME strategy would apply for a period of time into the future. In addition to the economic conditions which includes the stage of economic development in the economy, the socio-cultural conditions play a role in shaping the SME strategy. In a society where entrepreneurship and innovation are highly regarded different approaches to SME development would be required as opposed to economies where the socio-cultural preferences is for employment or where there is great shame and fear attached to failure. If

business failure is frowned on and if there is shame associated with it, the effort to develop SMEs would differ. For one thing, there would be less new startups under these conditions.

The prevailing conditions in an economy would shape its economic developments plans. These plans would take into account the role for SMEs, shaping the existing SME policies. Those factors together with the state of the SMEs influence the SME strategy planned and the resultant entrepreneurship infrastructure.

The way in which the factors are considered can be seen in the process for the development of SME strategies in Singapore. We outline the strategies in the next section and they have taken the form of two SME masters plans (1989 and 2000). The process undertaken in Singapore involves an understanding the profile of SMEs in Singapore at the time that the master plans are being developed. The committees responsible then conceived of the role SMEs would play in the future and in the economic setting in Singapore and internationally. Hence, the master plans that were produced invariably spoke of the future, global trends and the anticipated role for the SMEs.

Bearing in mind that a myriad of factors influence the SME strategies, it goes without saying that the SME strategies being adopted or introduced at any point in time would be subject to the existing state of SMEs in the economy. The strategies need to be appropriate for the SMEs and future SMEs to be developed. Hence, in evaluating SME strategies, it is necessary to consider these factors and to be mindful of the conditions on the ground.

Singapore's SME Strategies¹

An overview of Singapore's SME strategies since 1965 is provided in Table 4. Singapore became a nation with its independence in 1965. Prior to independence, there were no SME policies of note. The development of the Singapore government's policies towards the Small and Medium-Sized Enterprises (SMEs) today can be traced back to Singapore's independence since the mid 1960s. In the 1960s, Singapore's position as a regional entrepôt was threatened from the rapid developments of the competing ports of her

neighbors. The then government thus decided to leapfrog the industrialization process by focusing on a production-based economy. Dr Goh Keng Swee was the architect of this plan. Foreign direct investments were harnessed by inviting foreign multi-national corporations (MNCs) to make huge capital investments locally through the building of factories to support manufacturing activities. With the constraints - of the largely untrained small population of 1.6 million and the lack of natural resources - faced by Singapore, all government policies were crafted to support the export manufacturing activities of the foreign MNCs anchored locally to allow them to flourish. The successful gearing up of the workforce met the labor requirements of the MNCs but there were no government policies expressly addressing the development of SMEs.

The watershed year for SME policies was 1987, with the publication of the economic report that addressed new directions for the Singapore economy after the recession in 1985. In review the economic directions for Singapore it sought recovery from the economic recession in 1985, the Economic Committee noted the contribution of SMEs to the Singapore economy. At that time, SMEs although constituting 90% of the total number of establishments, lagged behind their foreign counterparts in productivity, management skills, marketing and technology.

Singapore economic development had seen it develop as an international manufacturing base. However, looking ahead into the 1990s the Committee saw the need for Singapore's inclusion of other activities to become a major mode for global business. There was a need to extend beyond manufacturing to encompass the full spectrum of business activities - from research and development to design and product development, production, marketing, distribution, finance and international business management. SME development became important as they constructed a key component of the strategy to develop Singapore's services and manufacturing as the twin engines of growth.

Following the Economic Committee's report, the Economic Development Board (EDB) of Singapore initiated a multi-agency effort to draft a master plan for SME development. Six government agencies² - the National Computer Board (NCB), National Productivity Board (NPB), Singapore Institute of Standards and Industrial Research (SISIR), Singapore Tourist

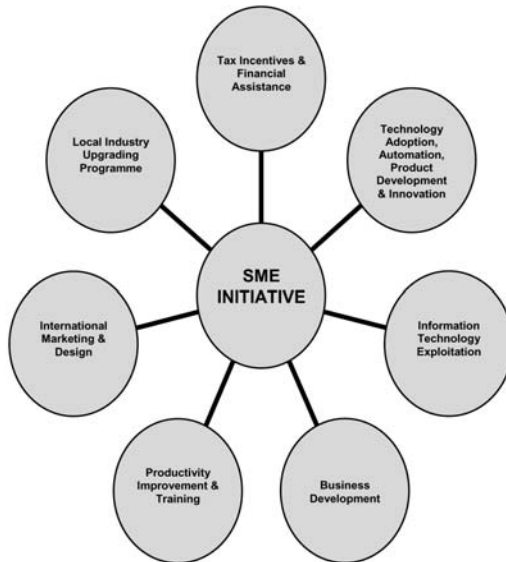
Promotion Board (STPB) and the Trade Development Board (TDB) came together under the umbrella of the SME Committee to examine the issues and brainstorm on ways to develop a vibrant and resilient local business sector. The resultant master plan had 5 strategic thrusts mentioned in Table 4 below.

Table 4: Overview of Singapore SME Strategies

Years	SME Strategies	Remarks
Before independence 1965 - 1985	British colonial rule - no discernible SME strategies. Industrialization with SMEs being subsumed under the focus on attracting multinational corporations.	Not apparent. SMEs acted and served as suppliers to MNCs (Doh, 1993).
1986	<i>Singapore Economy: New Directions</i> published - role of SMEs and entrepreneurship highlighted for need of new policies.	EDB establishes the Small Business Unit to address the small business sector.
1989	First <i>SME Master Plan</i> published with	The SME Master Plan has five underlying strategic thrusts for SME growth: <ul style="list-style-type: none"> ● Technology adoption, application and innovation; ● Business planning and finance ● Human resource management ● Productivity improvement and training; and ● International marketing and business collaboration.
1996	Merger of the relevant parts of the Economic Development Board (EDB) with the National Productivity Board to form a statutory board, the Productivity and Standards Board (PSB) responsible for among other things, SMEs.	The SME First Stop was launched. Programs such as SME Enterprise Development Growth and Expansion Programme were launched.
2001	Publication of <i>SME 21</i> the second SME Master Plan.	Three strategic goals <ol style="list-style-type: none"> 1 - Grooming Innovative High-Growth SMEs 2 - Developing Productive SME Sectors 3 - Creating a Knowledge-Based, Pro-enterprise Environment
2002	PSB renamed as Standards Productivity Innovation and Growth (SPRING).	

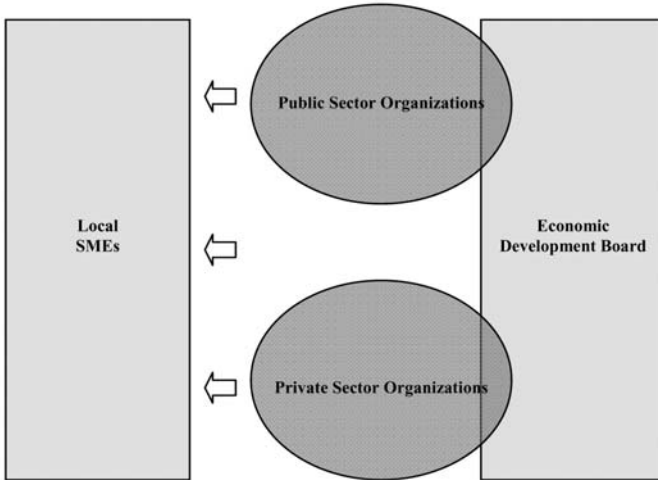
The key feature of the SME Master Plan was the formation of a multi-agency network. Each of the agencies in the public sector circle is responsible for one particular aspect of the SMEs' needs. Private sector organizations were also involved. Public sector organizations then included the National Computer Board, the predecessors of SPRING (Singapore Productivity and Standards Board), the International Enterprise (Singapore) and the Singapore Tourism Board. The private sector organizations included participating financial institutions, venture capital funds, consulting firms, chambers of commerce and private associations. The network helped administer the self help package under the SME initiative (see Figure 2).

Figure 2: SME Initiative under the SME Master Plan (1989)



This multi-agency network (see Figure 3) saw the growth and the introduction of enterprise centers in local tertiary institutions such as the Nanyang Technological University Entrepreneurship Development Centre (ENDEC; from 1989 to 1999), Entrepreneurship Centre at the National University of Singapore and NITEC at the Ngee Ann Polytechnic.

Figure 3: The Multi-Agency Network in the 1988 SME Master Plan



The next milestone in Singapore SME strategies was the transfer of responsibility for SMEs from the EDB, creating the Productivity and Standards Board (PSB). The PSB was formed from the amalgamation of the National Productivity Board with the Singapore Institute of Standards and Industrial Research and selected units responsible for SMEs and incentives. The PSB had a unit that was responsible for providing assistance to SME and an incentives unit that looked after financial programs for SMEs under which qualifying SMEs could obtain reimbursement for selected services or acquisitions of equipment. The PSB established the SME First Stop Centre in 1996 to provide broad-based assistance to SMEs. The productivity training arm of the PSB, took on additional responsibilities in training SMEs. One notable programme was developed by the author and adopted by the PSB in conjunction with ENDEC and a financial institution, Heller Asia called Enterprise Development Growth and Expansion (EDGE). This programme was collaboration between a university entrepreneurship centre (ENDEC), Heller Asia Capital who financed the development of the programme and the PSB. The programme was designed to address the challenges SMEs faced at various stages of growth.

The achievements under the entrepreneurship infrastructure created under the 1988 SME Master Plan were considerable. The key achievements that were highlighted in the SME Master Plan 1989 are reproduced in Appendix 1.

The next landmark development in SME strategy was unveiled in 2000 at the beginning of a new millennium and the advent of the knowledge based economy. A new SME committee had been formed to develop a ten year strategic plan to create vibrant and resilient SMEs that will enhance Singapore's competitiveness and economic growth.

The committee noted that the SMEs faced structural weaknesses which lead to their poor productivity performance (PSB, 2000). These include:

- Weak entrepreneurial culture
- Insufficient management know-how and professionalism
- Shortage of professional and technical manpower
- Insufficient use of technology
- Outmoded, unproductive methods of operation
- Limited ability to tap economies of scale
- Small domestic market

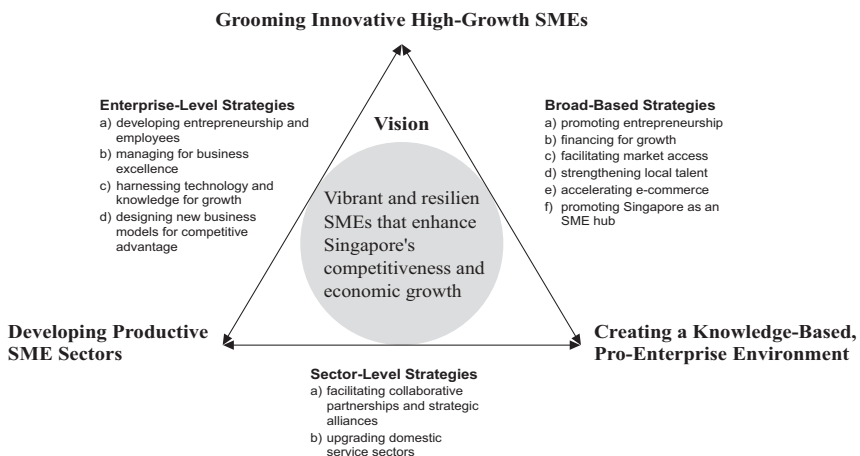
To assist Singapore SMEs to overcome these challenges and face the knowledge-based economy, the committee's report entitled SME21 outlined three strategic goals shown in Table 4. They also detailed a three project approach to achieve the three goals.

- Enterprise level - addressing the firm's capabilities.
- Sector level - addressing the needs of earmarked industries and fostering alliances and collaborations within sectors.

- Broad-based strategies - addressing the needs of the SMEs in general in the areas of financing, market access and technology, seeking to promote Singapore as a SME hub.

The goals and strategies are shown in Figure 4 taken from the SME 21 Master plan.

Figure 4: SME Strategies and Strategic Goals under SME 21



There have been extrusions to Singapore entrepreneurship infrastructure as a result of the SME21 Master Plan. Programs supporting the goals and strategies as outlined in SME21 are found in Appendix 2.

A concrete result of this integrated, multi-agency approach is the recent launch of EnterpriseOne, which stands for "One Network for Enterprises" in 2006. The portal at www.business.gov.sg is a Government-wide initiative managed by SPRING in partnership with business chambers and industry associations. It enhances SMEs' access to business information, Government e-services from more than 30 agencies, and advisory and consultative services³.

Key Observations

It is clear from the foregoing that the Singapore SME policies have been driven by its economic policies - these have varied over time in Singapore's brief national history of 41 years from 1965. In the early days of industrialization and up till the first recession in 1985, the SMEs did not receive special attention. The attention was on the attraction and facilitation of the foreign investors and multinationals that Singapore was attracting. SME policy then was indirect addressing the development of manufacturing capabilities to act as subcontractors to the multinationals (Doh, 1993). The watershed year was 1986 with the publication of the *Singapore Economy: New Directions Report* (1986).

With the realization of the contribution of SMEs to job creation and entrepreneurship in the review of Singapore's economic new directions after the 1985 recession, there have been SME policies since that have been forward looking. Singapore's entrepreneurship infrastructure covers the generic aspects of the business environment for the SMEs. It also has focused areas of interest by way of industry sector and capacity building in the enterprises. The policy makers are to be commended for their actions once there was a realization on the integral role that the SMEs played in Singapore's economy and economic plans. As the SMEs strategies are crafted with Singapore's economic plans in mind, the emphasis has been on developing SMEs that are able to create value or add value. Programmes are initiated to enable them to develop new technology. Other programmes seek to provide the technical expertise so that they can deliver products and services internationally. Yet others address their ability to meet the needs of their MNC partners.

With the enlightened view on the role of SMEs, there have been various strategic plans for SME development with the level of policy increasing over time. The entrepreneurship infrastructural offerings present today are vast compared to those prior to 1986. In this section, we draw some lessons from the Singapore experience.

Multi-agency approach: As SMEs permeate all levels of the economy (depth) and a variety of sectors (breadth), the multi-agency approach adopted in

Singapore is most apt. SMEs can access the centers in Singapore's tertiary institutions for assistance with tasks that they may have the relevant expertise. At the same time, where the SMEs require management consultancy services, they could access the consulting firms and apply for grants from SPRING. As members of a trade association, the SMEs could also approach their association for information.

A clear benefit of this approach is the decentralization of effort that enables localization of effort as the agencies have specialized functions, the depth of knowledge and information, and the guidance and assistance that is made available can be tailored to the specific needs of the SMEs.

Entrepreneurship Infrastructure Coordination: Adopting a multi-agency approach has implications on coordination. In this regard, the policy level coordination has taken place in Singapore through the various committees over the years. In designing the new economic directions, a high level committee involving ministers, government officials, academics and industrial representatives produced their report. This approach soon became pattern in the committees that produced the two SME master plans(1989, 2000). While policy level coordination would have ensured that the direction for policy offerings were suitably provided for by designated agencies, there is also a need for coordination in implementation of policies. Here there have been informal and formal meeting between the bureaucrats of the various agencies that have helped eliminate duplication and redundancy in effort, and provided SMEs with the transitions and collaboration when they require assistance from more than one agency. Such an instance of a SME requiring assisting from more than one agency at the same time is no inconceivable. SMEs participating in one of Singapore's many business study missions would be involved in a multi-agency endeavour. Similarly, when SMEs participate in a consortia to invest overseas in a government initiated venture, for instance the development of a port overseas.

Public-Private partnership: While the private sector has featured as a party in the multi-agency network for SMEs, in the recent three years beginning in 2006 that the role of the private sector has been increased. From 2006, the government has established the Local Enterprise and Association Development Programme (LEAD) so that the associations will be able to offer relevant services to their

members. The rationale behind this move is for the parties closest to the SMEs to recommend pertinent measures. A number of industry associations have established enterprise development centres under the LEAD programme. This measure is laudable but much remains in the hands of the industry associations. The involvement of the private sector is an excellent one subject to the industry associations having the right attitudes towards its members. It, however, has limitations if the industry associations seek to be entrepreneurial and seek profit despite having received grants from the government.

Private sector involvement in SME policy initiatives has positive outcomes apart from implementation benefits. Feedback on the relevant SME needs is best gleaned from the private sectors. The view from the policymakers' armchairs needs to be balanced and complemented by the inputs from the ground. An example of this is the recent move to have a different set of accounting standards for the SMEs. It had long been contended by the SMEs that the requirement for them to comply with the same accounting standards as the big boys was onerous and illogical. These calls fell on deaf ears but the endorsement and similar calls from the accounting professionals and university academics has seen an examination and development of standards more pertinent to smaller enterprises is currently underway.

Other SMEs not within identified sectors and those smaller. As Singapore has identified certain sectors for development and has goals for high technology and high growth SMEs, one may be wondering what about the other SMEs who are smaller or not in the selected sectors. Here one could imagine criticisms for the policy makers for apparently neglecting the others whom we could group under the category of the smaller guys - micro-enterprises, home-based entrepreneurs and the equivalent of the American garage-based startups. It must be conceded that the SMEs policies and infrastructural offerings, that are directed as selected industry sectors, appear to focus on growth enterprises or targeted industries that the policy makers are seeking to grow in Singapore. However, the reader must bear in mind the model presented earlier in Figure 1. Singapore's SME strategies have been shaped by the dualistic nature of Singapore's economy - the presence of MNCs and larger successful enterprises and the need for vibrant local enterprises. The strategies have been crafted to enable the SMEs to contribute to Singapore's economy and competitiveness.

While it would be tempting to assert that the other enterprises who are not geared for growth are neglected, that is far from the case. Entrepreneurs and enterprises that are intended to substitute for income from jobs lost receive assistance from another government agency, the Workforce Development Agency. Other startups and aspiring entrepreneurs embarking on second careers after retiring from the various arms of government such as the armed forces, receive assistance and advice from in-house departments and offices that are far too numerous to detail in this overview piece. The authors has thus chosen to focus on the express SME strategies in Singapore.

Implementation Issues. While we have dealt with SME policies in this paper, we have not discussed the other aspects of SME policies that matter to the users. This paper looked at the supply side, so to speak, of SME policies: the policy makers, their agenda, aims and the form that the policies have taken in Singapore.

The presence of the elements of an entrepreneurship infrastructure in an economy does not mean much if the intended users or participants - the SMEs - are engaged. The participation of SMEs in the infrastructure is needed, without which the policy intent remains an intention that has no fruits. Whether SMEs would participate in a programme is contingent on a number of factors. The SME has to realize it has a need. No enterprise seeks out unwanted activities as it has customers and business targets to meet. The challenge for policy makers is convincing the business owners that any scheme or programme is of value to them and that they need it. The former (convincing them) is not as critical as the second (getting them to act). It is possible to preach to the SMEs of the potential value of any government schemes. Yet we are familiar with our personal experience in other settings where we might personally agree with the value of government initiatives intellectually or on some other basis without acting on them. SMEs are no different, if they are informed of new initiatives, but cannot identify the relevance to them or their businesses, the policy efforts are wasted. Policy makers need to conceive not just policy pronouncements and implementation but also the means through the relevance of the measures is brought home to the potential users.

In this regard, the Singapore policymakers have to be commended for the advances they have made over the years. In the early days after the first SME

master plan, they were encountered feedback lack of publicity of the government schemes, red tape and bureaucracy. They have since addressed these through the mass media. The means have taken the form of advertisements, media coverage through the publications of the government agencies such as *Enterprise Today* (a bi-monthly and free magazine published by SPRING Singapore) and previously the *Productivity Digest*. They have also had seminars, conferences and road shows that have brought greater awareness to the SMEs and general public. The inaugural SPRING Enterprise Conference, for instance was held in April 2007. The policy makers used the conference and the surrounding media coverage to launch SPRING Singapore's new \$20 million Management Development Programme (MDP). The MDP aims to equip SME leaders - the CEOs and key managers - with appropriate knowledge and general management expertise to give them an edge in today's globalised economy. The programme expects to send some 1,000 SME leaders and managers back to business school over the next five years. Initially, SPRING will partner three local universities - Nanyang Technological University of Singapore (NTU), National University of Singapore (NUS) and Singapore Management University (SMU) - to provide customized postgraduate and executive development courses that focus on the business management needs of SMEs. The first course will start with the launch of the NUS and NTU postgraduate Executive MBA programmes in July 2007 with executive development programmes being launched in the later half of 2007.

The involvement of the other stakeholders, particularly the SMEs and industry associations, is relevant. Here policy-makers have taken a leaf from the nonprofit sector in motivating the volunteers, which encompasses most stakeholders. In the nonprofit sector volunteers need to be mustered, encouraged, trained and recognized. Lessons could be drawn from there. The SME peers and other stakeholders can help introduce the relevant schemes to the SME business owners. Hence, the policy-makers in Singapore have introduced over the past few years, the Action Community of Entrepreneurs (ACE) with its monthly events, activities and informational fairs. The government, together with the private sector formed the Action Community for Entrepreneurship (ACE) in 2003. This unique private-public sector effort aims to foster a business friendly environment and promote entrepreneurship in Singapore. Another example of the involvement of the stakeholders has

been mentioned earlier. Industry associations have applied under the LEAD programme to obtain grants to establish new initiatives for their industries. The Association for Small and Medium Enterprises and the Singapore Manufacturers' Federation, for example, have established Enterprise Development Centres where their members can obtain assistance and consulting services pertinent to their special needs.

Conclusion

Singapore's policy makers have been proactive in their stance and policies towards SMEs. They have adopted both an environmental approach creating elements of an entrepreneurship infrastructure that meets the needs of all and sundry, and also having strategies that focus on selected industry sectors. One could call this approach a balanced one, not neglecting the general body of SMEs while at the same time identifying the industry sectors that need assistance and the others that need to be developed. They must be commended for dovetailing their SME policies into the general economic development plans - noting the role of SMEs in innovations, new creations as well as meeting the needs of larger corporations as suppliers and service providers. The proactive stance taken has developed over time and with the increasing visualization of the role to be played by entrepreneurs, innovators and SMEs in the country.

Gazing into the crystal ball, the future of SME policies in Singapore is likely to see an element of crossvergence. Convergence has been used to refer to the coming together of ideas. The term crossvergence is used to refer to situations where the ideas migrate across domains; when two areas meet with both leaving the point changed. The idea of SMEs being confined to the for-profit arena will be a thing of the past, SMEs will need to be developed and encouraged in the nonprofit sector. In the non profit sector these enterprises are called social enterprises. They usually take the form of either enterprises with dual objectives (social and business agenda) or purely business enterprises that plough back the surplus to fund activities meeting social needs. The former name two goals, they attempt to meet two sets of agenda business and social. An example would be a food and beverage outlet where the

employees are also disadvantaged. The later is a business enterprise that could be operated by a charity with the aim of funding a social arm of the organization. What is interesting about these enterprises is they are in essence SMEs but in the social sector. The move has began but has not been conceived as the transference of ideas between the two areas with the vehicles, the SMEs being the same. At the same time, SMEs will meet the social agenda and like their larger cousins begin to measure up to social expectations and introduce socially responsible business practices and policies.

What next, one might ask. There is an air of expectation as a chief architect of Singapore's economic development, particularly, industry and cluster development, Phillip Yeo, has been appointed the new Chairman of the statutory board responsible for SMEs, Singapore Productivity Innovation and Growth (SPRING) on 1 April 2007. New initiatives have been announced in time with his appointment and yet more new initiatives are expected. His new appointment together with the fact that the SME21 plan is now 6 years old in times of rapid change, might portend new changes ahead. The rationalization SPRING's role as the *de facto* statutory board for SMEs may also be another reason for speculating on the development a new SME master plan. The inaugural SPRING Enterprise Conference also signaled change as the former mission and tagline for the statutory board, productivity, was absent. Instead, Mr. Lee Yi Shyan, the Minister of State for Trade and Industry and Minister-in-charge-of-entrepreneurship, who opened the conference on 5 April 2007, spoke of the mission of SPRING as the champion of SMEs.

In conclusion, it must be noted that this paper has sought to give a summary of the SME policy environment in Singapore. It is far from comprehensive as there is much detail about the various programmes that the reader needs to obtain from the various sources. It is hoped that this paper provides a flavour of the SME strategies developing in Singapore.

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- Acknowledgement: The author is grateful to the research assistance provided by Eugene Geh.

Notes

1. It would not be possible to provide all the details to Singapore's SME strategies and entrepreneurship infrastructure, readers are directed to the main website where the information on the infrastructural offerings can be found at: www.enterpriseone.gov.sg.
2. These agencies have since been reconstituted as new statutory boards. For example, the TDB is now under International Enterprise (Singapore), STPB is now Singapore Tourism Board, and NCB has now been subsumed by the Infocomm Development Authority of Singapore.
3. Speech by Mr Lim Hng Kiang, Minister for Trade and Industry during the Committee of Supply Debate on Monday, 6 March 2006.

Appendix 1: Some Key Achievements under the SME Master Plan 1989

Thrust	Key Achievements
Technology Adoption, Application and Innovation	<p>To raise the R&D capabilities of local enterprises, the National Science & Technology Board (NSTB) has developed the NSTB Plan 2000. More than \$4 billion will be committed over five years to strengthen the indigenous technology capability for private R&D.</p> <p>To defray the cost of innovation expenditure by local companies, the Innovation Development Scheme (IDS) was developed and implemented by the Economic Development Board (EDB) and five other government agencies. In 1997, about 230 innovations were approved.</p> <p>To encourage greater IT usage, the Infocomm Development Authority of Singapore (IDA) intensified efforts to promote computerization through the Local Enterprise Computerization Programme (LECP). In 1997 alone, 340 LECP applications were approved.</p> <p>IDA has committed \$4 million to train 1,300 IT professionals from over 500 companies through the Critical IT Resource Programme.</p>
Business Planning and Finance	<p>To encourage local enterprises to adopt a long-term strategic business focus, the Singapore Productivity Standards Board (now SPRING Singapore) enhanced the level of support under the Local Enterprise Technical Assistance Scheme (LETAS) for the Strategic Business Planning (SBP) programme.</p> <p>As at June 1999, 9,190 applications amounting to \$189 million had been committed since the inception of LETAS in 1986. To help SMEs gain better access to finance, the number of participating financial institutions under the Local Enterprise Finance Scheme (LEFS) has been increased to 28.</p> <p>LEFS was enhanced to enable more SMEs to gain easier access to financing. In the FY 1998 Budget, the government increased the loan-line of LEFS from \$760 million to \$1.1 billion. This was further increased to \$2 billion. As at June 1999, a total of 22,630 LEFS loan applications amounting to more than \$5.9 billion had been approved since its inception in 1976.</p> <p>To support acquisition of technology and investment in high-technology SMEs, government venture funds like the EDB Ventures (EDBV) Pte Ltd, EDB Ventures 2 (EDBV2) Pte Ltd and Singapore Bio-Innovations Pte Ltd (SBI) were created to provide equity funds to start-ups and high-growth SMEs. Since the start of the EDB Venture Capital Programme in 1985, a total of \$148</p>

Appendix 1: Some Key Achievements under the SME Master Plan 1989

Thrust	Key Achievements
	million has been committed in 81 projects under EDBV and EDBV2. SBI was founded in 1990 and has since committed a total of \$43 million in 34 projects.
Productivity Improvement, Human Resource Management and Training	<p>To make it easier for SMEs to access government assistance, SPRING Singapore set up the SME First-Stop Centre in 1996 to provide broad based assistance to SMEs. To date, more than 20,000 cases have been assisted.</p> <p>To help SMEs improve operations management, the Productivity Management and Project Team (PROMPT) Scheme was introduced in 1989. Assistance in productivity improvement was extended to SMEs in six industries.</p> <p>To encourage SMEs to embark on training, PSB's Institute for Productivity Training (IPT) has tailored courses for SMEs. For example, the Enterprise Development Growth and Expansion (EDGE) programme equips SME entrepreneurs with management skills to develop, grow and expand their business. IPT has trained about 10,100 SME participants over the last three years. As at June 1999, a total of 735,500 SME training places, amounting to \$186 million, had been approved by the Skills Development Fund (SDF). The approved SME training places grew by 8.7% p.a. from 1992 to 1998. The number of first-time SME applicants also grew by 3.4% to 3,200 in 1998.</p>
International Marketing and Business Collaboration	<p>To help SMEs gain access to international markets, PSB and the Trade Development Board (TDB) intensified their business-matching missions. More than 900 SMEs have participated in 31 business matching missions conducted by PSB since 1996.</p> <p>To promote business collaborations among SMEs in the domestic service sectors, PSB and TDB facilitated the formation of franchising and economic groupings. As at 1998, a total of 60 franchises and eight economic groupings have been formed in 39 trades, with 712 participating SME members. Through franchising, eight out of 10 businesses achieved better sales and seven out of 10 saw increased in profit.</p> <p>To help local companies set up operations overseas, the Regionalization Training Scheme (RTS), administered by EDB, has facilitated the training of 2,400 key foreign personnel.</p> <p>To provide equity funds for local companies venturing overseas, the Regional Investment Company (RIC), under EDB, was formed in 1996. In 1997 alone, it invested \$13.7 million in 5 projects to help local companies with good growth potential</p>

Appendix 1: Some Key Achievements under the SME Master Plan 1989

Thrust	Key Achievements
	<p>expand in the region. To date, it has invested \$36 million in 14 projects.</p> <p>To help SMEs gain access to funds to invest in machines and equipment in their overseas manufacturing plant, the Regionalization Finance Scheme (RFS) has provided \$104 million worth of loans to 87 SMEs since 1993.</p>

Source: SME 21 (2000).

Appendix 2: Programs Supporting the Three-Pronged Approach in Singapore's SME Strategies for SME Development under SME 21

Enterprise-Level Strategies	Programs
Developing Entrepreneurs and Employees	<p>SME Mentoring Programme to help SMEs map out strategic directions.</p> <p>SME Circles (EntreNet) to provide SMEs with learning partners.</p> <p>Entrepreneurship Education to equip entrepreneurs with management and leadership skills.</p> <p>SME Virtual University to provide IT and e-business courses to SMEs through the Internet.</p>
Managing for Business Excellence	<p>Business Excellence Framework to help SMEs manage their organizations professionally.</p> <p>National Best Practice Centre to help SMEs learn from and apply best practices.</p> <p>A pool of professional managers to help transform SMEs into professionally-run organizations.</p> <p>Assistance for SMEs to set up effective value and cost management systems.</p>
Harnessing Technology and Knowledge for Growth	<p>SME Business Support Centers to offer a wide array of integrated business support services and advice to SMEs.</p> <p>Technology Network (TechNet) Programme to facilitate connections between aspiring technopreneurs, innovative SMEs, researchers and experts and venture capitalists.</p> <p>Technology Incubator Programme to provide SMEs with access to management assistance, finance, and business and technical support services.</p>

Appendix 2: Programs Supporting the Three-Pronged Approach in Singapore's SME Strategies for SME Development under SME 21

Enterprise-Level Strategies	Programs
Designing New Business Models for Competitive Advantage	Strategic Business Planning self-help package to enable SMEs to develop their own strategic business plan. Innovative Business Concept Award to spur SMEs to continuously develop new business concepts.
Sector-Level Strategies	Programs
Facilitating Collaborative Partnerships and Strategic Alliances	Franchising and economic groupings as strategic tools to help domestic businesses become regional and global players. Shared services to help SMEs better manage their costs and resources, and focus on core activities. Business fusion groups for SMEs to share knowledge, experience and ideas, and leverage on each other's capabilities.
Upgrading Domestic Service Sectors	Industry Upgrading Programme to raise the productivity of tradable and non-tradable sectors. Upgrading assistance programs to help domestic businesses overcome the disadvantage of size, build up capabilities to grow, leverage on the Internet to do business and be internationally competitive. A comprehensive range of measures to restructure, revitalize and upgrade the retail sector. A wide range of programs to upgrade the construction sector.
Broad-Based Strategies	Programs
Promoting Entrepreneurship	An "SME March" with month-long activities to convey the message that SMEs need to forge ahead and change their mindset. Media programs to raise the profile of SMEs in Singapore. Awards for local enterprises enhanced to ensure their relevance and attractiveness to SMEs; and more competitions to encourage SMEs to develop new business ideas and models. Local SMEs promoted as preferred business partners to foreign companies.
Financing for Growth	Business Angel Network to promote equity financing for innovative and high-growth firms. Business-to-Business Working Capital Matching Service to help SMEs in need of working capital to purchase raw materials or to fulfill a contract. SME schemes reviewed constantly to ensure their relevance and effectiveness in the knowledge-based economy.

Appendix 2: Programs Supporting the Three-Pronged Approach in Singapore's SME Strategies for SME Development under SME 21

Broad-Based Strategies	Programs
Facilitating Market Access	<p>Economic Value Added promoted as a tool for measuring the effectiveness of capital usage.</p> <p>Business.Connect programme more widely promoted and enhanced. Singapore Connect publicised widely to more SMEs; and linkages with databases of other countries, as well as local and foreign industry associations and chambers, accelerated.</p> <p>Importance of branding promoted to SMEs; and a unique Singapore brand image developed for SMEs to leverage on as they explore new markets overseas.</p>
Strengthening Local Talent	<p>More SME Scholarships developed to groom local talent.</p> <p>Effective systems put in place to facilitate life long learning and skills development in organizations.</p> <p>Foreign talent tapped through various measures and programs.</p>
Accelerating E-commerce (EC)	<p>Promising e-commerce SMEs identified and developed as role models.</p> <p>Adoption of business-to-business portals by SMEs encouraged and accelerated.</p> <p>One-stop SME portal for foreign and local SMEs created to access the required information and services easily.</p> <p>E-commerce infrastructure in Singapore developed.</p>
Promoting Singapore as an SME Hub	<p>Economic twinning programs with other countries identified and pursued to establish areas for SME collaboration.</p> <p>Concerted marketing effort to encourage SMEs to use Singapore as the conduit and venue for international transactions.</p> <p>Chambers of commerce and industry associations as information and networking platform providers for foreign SMEs to meet up with their local counterparts.</p> <p>A package of fiscal measures to attract foreign SMEs to locate in Singapore.</p> <p>SME community created to attract foreign SMEs to start their operations here.</p> <p>Financing for collaborations between foreign and local SMEs to take place.</p>

Source: SME 21 (2000).

Appendix 3: Some of Singapore's Government Initiatives to promote entrepreneurship & SMEs

Financing initiatives for businesses in Singapore

Schemes	Target Group	Validity Period	Eligibility Conditions	Funding
Micro Loan Programme (MLP)	Small local enterprises or micro enterprises.		10 or less than employees.	<ul style="list-style-type: none"> • A maximum loan of \$50,000 with fixed interest rate to help businesses augment their working capital needs like start-up costs or operational costs. • The programme is administered by participating financial intuitions and managed by SPRING.
Local Enterprise Financing Scheme (LEFS) — managed by SPRING	Local enterprises planning to upgrade, strengthen and expand their operations.			<ul style="list-style-type: none"> • Companies can apply to 17 participating financial institufor loans of up to \$15 million at fixed interest rate to help them modernize and automate their plant and equipment, expanding manufacturing capacity and finance projects.
Loan Insurance Scheme (LIS)	SMEs			<ul style="list-style-type: none"> • A portion of the loans will be insured against default risks. The insurance premiums will be co-shared between the government (through (IE) Singapore and SPRING) and the enterprises. • Participating financial institutions will also have the flexibility of using their own funds to package attractive loan facilities for the enterprises, based on their risk profile.

Appendix 3: Some of Singapore's Government Initiatives to promote entrepreneurship & SMEs

Financing initiatives for businesses in Singapore

Schemes	Target Group	Validity Period	Eligibility Conditions	Funding
SME Loan Securitisation Programme	Under-served SMEs, such as start-ups without established track records and SMEs that lack collateral.	Q105 onwards.		<ul style="list-style-type: none"> • This will leverage on the bond markets to reduce the credit risks for lending banks. • It is anticipated that the securitisation issue will be in the size of at least \$300m. • DBS is the appointed programme manager
Regionalisation Finance Scheme	Singapore-based enterprises setting up operations overseas.		Funding can be used for purchase of fixed assets, like buildings and machineries, as well as, construction of factories or buildings.	<ul style="list-style-type: none"> • Fixed interest rate financing scheme managed by IE Singapore.

Appendix 3: Some of Singapore's Government Initiatives to promote entrepreneurship & SMEs

Initiatives to facilitate SMEs and Start Ups in Singapore

Initiatives	Assistance / Services provided
SME One-Stop	<ul style="list-style-type: none"> • Consists of a self-help web-portal, supported by a call centre and a walk-in service centre. The proposed portal will create a single point of online access for SMEs in their search for information related to government. The objectives of the One-Stop Service are to improve the service delivery to SMEs so as to reduce their incidences of being passed from pillar to post when they approach government agencies. • To better develop this service, SPRING had conducted a study with a group of 300-400 SMEs to better cater to the needs and concerns of SMEs. • This service is expected to roll out in FY 05.
Online Business Licensing	<ul style="list-style-type: none"> • To reduce the burden and hassle that businesses face in obtaining business licences, the Online Business Licensing portal was launched in Jan 04. • Through OBLS, businesses can now apply online for 69 licences across 19 Government agencies. • The portal can be accessed via www.business.gov.sg.
Local Enterprise and Association Development Programme (LEAD)	<ul style="list-style-type: none"> • Industry associations can now get a grant to take the lead in envisioning and shaping their industry.
Local Enterprise Technical Assistance Scheme (LETAS)	<ul style="list-style-type: none"> • Get a grant to hire external experts to improve your management and operations.
SME Management Action for Results (SMART) Initiative	<ul style="list-style-type: none"> • Get a grant to develop business systems and processes for business excellence.
Technology Innovation Programme (TIP) - Experts	<ul style="list-style-type: none"> • Get a grant to hire technical experts from leading local and overseas R&D institutions.
Technology Innovation Programme (TIP) - Projects	<ul style="list-style-type: none"> • Get a grant for technology innovation projects that lead to new products or processes for your business.

Appendix 3: Some of Singapore's Government Initiatives to promote entrepreneurship & SMEs

Summary of tax incentives for businesses in Singapore

Schemes	Target Group	Validity Period	Eligibility Conditions	Incentives
Tax Exemption for New Companies	New companies	Any of the first 3 consecutive Years of Assessment (YA) falling within YA 2005 to YA 2009.	<ul style="list-style-type: none"> • Incorporated in Singapore. • A tax resident of Singapore for that YA. • No more than 20. shareholders throughout the basis period relating to that YA. • All. shareholders are individuals throughout the basis period relating to that YA. 	Full tax exemption on the first \$100,000 of normal chargeable income.
Enterprise Investment Incentive Scheme (EII) - administered by SPRING	Investors in non-technology start-ups <i>(to mitigate risks of private equity investments)</i>			<ul style="list-style-type: none"> • A start-up can issue certificates to its investors for investments of up to \$3m. • Investors with these certificates will then be able to deduct any investment loss from their taxable income.
Enterprise Investment Incentive Scheme (Technopreneur) - administered by EDB	Investors in technology start-ups <i>(to mitigate risks of private equity investments)</i>			<ul style="list-style-type: none"> • A start-up can issue certificates to its investors for investments of up to \$3m. • Investors with these certificates will then be able to deduct any investment loss from their taxable income.

Appendix 3: Some of Singapore's Government Initiatives to promote entrepreneurship & SMEs

Summary of investment-related programs in Singapore

Schemes	Target Group	Validity Period	Eligibility Conditions	Funding
Start-up Enterprise Development Scheme (SEEDS)	Young and innovative companies with high potential and the ability to scale up their business.			Every dollar raised by a start-up from third party investors up to a maximum of \$300,000 is matched by EDB (technology) or SPRING (non-technology).
Growth Financing Programme	Singapore-based companies that have the potential to become global competitive enterprises.		The minimum investment from third party investors is \$500,000.	Every \$2 raised by growth company from third-party investors will be matched \$1 from EDB, subject to a maximum of \$1 million.
Entrepreneurial Talent Development Fund (ETDF)	Institutes of Higher Learning (IHLs)	ETDF is a \$25 million dollar grant deployed to the IHLs under the purview of the MOE, over five years, starting July 2004.	The IHLs can utilize the grant to invest in potential companies which are set up by students, alumni and staff, up to a maximum of \$50,000 per company.	Matching funding by the students and IHL concerned is provided by SPRING.

Source: Spring Singapore. The tax and financing incentives lists are not exhaustive of all schemes offered to promote and support entrepreneurship and SMEs.