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Helping Hands

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Answering the big questions

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Themin Suwardy and Gary Pan

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Table of Contents

Conclusion

Cloud computing, the delivery of computing resources as a service primarily over the internet, is here to stay. Organisations are excited about the potential of cloud computing to reduce costs and improve productivity. The Singapore government has included cloud computing under the PIC Scheme to encourage the adoption of cloud computing. Under the PIC scheme, organisations can either enjoy tax deduction or cash payout. SMEs that are implementing information and communication technology solutions for the first time can also apply for the IDA's iSPRINT scheme. However, as with any technology, organisations must always consider their business needs before their adoption of cloud computing. Data security, data ownership and availability are some issues that organisations will need to consider carefully.

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Chapter 11
Helping Hands

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Introduction

With economic uncertainty prevailing in recent years, Singapore is being confronted with the challenges of managing growing aging population, acute land and labour constraints and rising business operating costs. If left unchecked, these challenges may threaten Singapore's economic well-being and consequently its status as a global and financial hub. To address these challenges, many believe productivity-driven growth can deliver sustainable and inclusive economic development and improve Singapore's standard of living over time. The National Productivity and Continuing Education Council (NPCEC), set up to spur Singapore to step up its efforts to boost skills and enterprise productivity, has identified the accountancy sector as one that has the scope for productivity growth and could potentially bring about spill-over productivity effects to other industries (Straits Times, 2012).

Funding support for accounting entities working to achieve productivity growth is an important strategy to raise the accountancy sector's overall productivity. It is widely believed that funding is essential for investment in productivity enablers such as training and information communication technology (ICT). Skills upgrading through training is a key mechanism for companies to raise productivity. In the same vein, companies can sharpen their competitive edge by leveraging on ICT to improve their productivity and, ultimately, generate greater business growth. In its funding strategy, Singapore has adopted a sectoral approach supported by efforts in key horizontal productivity enablers, which have across-the-board impact in raising productivity (Ministry of Manpower, 2012). The three endorsed programmes are the SME-Productivity

Roadmap (SME-PRO), Inclusive Growth Programme (IGP) and Increase SME Productivity with Infocomm Adoption & Transformation (iSPRINT) scheme. IGP is available to all Singapore-registered businesses operating in Singapore. SME-PRO and iSPRINT are available to small-and-medium size accounting practices and also, accounting/finance functions within SMEs to support their productivity drives. The next few sections will elaborate on the objectives of these endorsed programmes and highlight some of the available grants (as at 1 August 2012).

SME-Productivity Roadmap (SME-PRO)

SME-PRO is a systematic three step approach for SMEs to improve their productivity. SME-PRO is a joint initiative by SPRING Singapore and the Singapore Workforce Development Agency. The first step involves promoting productivity awareness through activities such as organising productivity seminars and workshops, collection of productivity information (for example, Productivity@Work website www.enterpriseone.gov.sg) and performance of productivity self-diagnosis test. The second step involves upgrading employees' skills. There are several Singapore Workforce Skills Qualification (WSQ) courses designed for serving the purpose of raising productivity. Accounting professionals may pursue courses such as executive development and growth for excellence, service excellence, leadership and business management. The third step involves exploring various government support programmes and getting into action.

Examples of these programmes under SME-PRO are

(1) Productivity Management Programme (PMP)

(2) SME Management Action for Results (SMART) Initiative

(3) Customer-Centric Initiative (CCI)

(4) Grant for Energy Efficient Technologies (GREET)

(5) Technology Innovation Programme (TIP) - Projects

(6) Local Enterprise Finance Scheme (LEFS)

(7) Productivity and Innovation Credit (PIC)

(1) Productivity Management Programme (PMP)

The objective is to help SMEs to improve their productivity by providing training, productivity diagnosis and advice on productivity-related matters and projects. Under PMP, SMEs will be able to:

- Attend productivity seminars and workshops on productivity basics, best practices and measurement methods.
- Attend productivity clinics to perform a diagnosis of an organisation's productivity using the Integrated Management of Productivity Activities (IMPACT) Assessment tool. The diagnosis can be used to identify areas to focus on and develop productivity.
- Get recommendations on relevant Government schemes that organisations can utilise for productivity improvements.
- Get referrals to certified consultants for productivity projects. These consultants can provide a deeper analysis of organisation's productivity and help to implement productivity improvement initiatives.
- If SMEs wish to find out more about the initiative, they can visit productivity.enterpriseone.gov.sg/en/performance_management_programme.aspx

(2) SME Management Action for Results (SMART) Initiative

The objective is to develop and strengthen SMEs' management systems and processes in a systematic manner. The SMART initiative allows businesses to develop a roadmap to build business capabilities in areas of priority. If SMEs wish to find out more about the initiative, they can visit www.spring.gov.sg/EnterpriseIndustry/BC/Pages/smart-initiative.aspx and attend the SMART briefing sessions conducted by SPRING Singapore. Exhibit 11.1 lists the qualifying conditions for SMART and its funding details.

Condition	Funding
A business qualifies as long as: • It is registered or incorporated in Singapore • 30% - 100% of shareholding is local • It has at least 3 years of business operations • annual sales turnover is S$5 million - S$100 million (computed on a group basis) • It has 10 - 200 employees	• A qualified business excellence consultant will work with the management team for up to 6 man-days over 1 to 2 months. SPRING will support up to 70% of qualifying cost for the consultancy incurred by the company on the project during the qualifying period subject to a maximum grant of S$3,500. • Businesses have the option to include a productivity diagnosis using the IMPACT Assessment Tool and obtain additional government funding. For businesses that include IMPACT Assessment in the consultancy, the maximum grant amount is S$4,200.

Exhibit 11.1 – Qualifying Conditions for SMART and its Funding Details

(3) Customer-Centric Initiative (CCI)

The main objectives of CCI are to improve service levels of organisations, increase customer satisfaction through better service, cultivate service leaders who, in turn, will motivate other organisations in the industry to improve their service levels and to develop service benchmarks that organisations in the land transport industry can use to measure their service levels. SMEs can find out more about the initiative by visiting www.spring.gov.sg/enterpriseindustry/cci/pages/customer-centric-initiative.aspx. Exhibit 11.2 lists the qualifying conditions and project type for CCI and its funding details.

Condition	Project Type	Funding
A business qualifies as long as: • project involves the introduction of new service standards or lead to an improvement in one of the following areas: service leadership, service agility or customer experience. • project should lead to specific and quantifiable outcomes that will upgrade the industry to be among the best-in-class internationally. • company is must be willing to share the results with other industry counterparts at cross-learning platforms. • company provides service excellence roadmap/plan, past projects done and indicate where they are now. • project has not commenced at the time of application.	Service improvement projects may involve: • service audits (e.g. customer satisfaction surveys, mystery audits) to identify service gaps • development and implementation of service strategies, service blueprints, service standards and service systems • implementation of technology to improve service levels (e.g. centralised call system to better manage taxi bookings) • development of training programmes under the Workforce Skills Qualifications (WSQ) framework to train staff on service competencies • participation in overseas study missions for local land transport companies to learn best practices in customer service from their foreign counterparts or industry players • implementation of reward systems to recognise employees for good service • certification under Singapore Service Class (S-Class)	Funding is decided on a case-by-case basis. Typically, CCI will fund up to 70% of the qualifying costs, such as: • professional services or consultancy fees • service audit costs • manpower costs related to the CCI project • service-related study trips, conferences and exchange programmes • Singapore Workforce Skills Qualification (WSQ) training for employees (funding from Singapore Workforce Development Agency)

Exhibit 11.2 – Qualifying Conditions and Project Type for CCI and its Funding Details

(4) Grant for Energy Efficient Technologies (GREET)

The objective is to encourage SMEs to upgrade to more energy-efficient equipment or technologies. To qualify for the grant, it has to be Singapore-registered owners or operators of existing or proposed industrial facilities sited in Singapore. Exhibit 11.3 lists the types of project for GREET and its funding details.

Project Type	Funding
To qualify, proposed project must: • involve the installation and use of energy efficient equipment or technologies with a proven track record of energy savings in an industrial facility • result in measurable and verifiable energy saving • not have been contracted at the time of application • be completed within 18 months from grant approval	Up to 50% of the qualifying costs, capped at S$2 million per project. Qualifying costs include: • manpower cost • equipment and materials • professional services, e.g. detailed engineering design, and measurement and verification services • only projects with a payback of more than 3 years and up to 7 years will be considered for funding

Exhibit 11.3 – Types of Project for GREET and its Funding Details

(5) Technology Innovation Programme (TIP) – Projects

The objective is to encourage local enterprises to use technology by subsidising technology innovation projects that help SMEs to develop and improve new and existing products, processes and business models. The technology innovation project should lead to an increase in revenue and value. Up to 70 percent of the qualifying costs depend on the “Level” of the project. Qualifying costs would include manpower-related costs, professional services, prototyping–related services, technical support services such as testing, certification, equipment, materials and consumables, and software costs and intellectual property rights.

(6) Local Enterprise Finance Scheme (LEFS)

SMEs may apply for a loan of up to S$15 million to automate and upgrade their factories and equipment or even to purchase a factory (only for Jurong Town Corporation or Housing and Development Board properties). To find out more, SMEs may visit www.spring.gov.sg/EnterpriseIndustry/FS/Pages/local-enterprise-finance-scheme.aspx. Exhibit 11.4 lists the loan category for LEFS and its repayment details.

Loan Category	Repayment	
	Loan Tenure	Interest Rate
• Factory Loan • Machinery Term Loan / Machinery Hire Purchase	4 years and below	Minimum 4.75%
	More than 4 years	Minimum 5.25%

Exhibit 11.4 – Loan Category for LEFS and its Repayment Details

(7) Productivity and Innovation Credit (PIC)

PIC offers significant tax deductions or cash payouts for businesses to invest in a broad range of activities along the innovation value chain to improve innovation and productivity from Years of Assessment (YAs) 2011-2015. Generally, all businesses are eligible for PIC. If SMEs wish to find out more, they should visit www.iras.gov.sg/irashome/PIcredit.aspx. Exhibit 11.5 lists the qualifying expenditure and quantum of benefit for PIC.

Qualifying Expenditure	Quantum of Benefit
PIC covers spending on 6 business activities in the following areas: • Research & development (R&D) - including R&D projects conducted outside Singapore • Registration of intellectual property rights – patents, trademarks, designs and plant varieties • Acquisition of intellectual property rights – e.g. when a company buys a patent or copyright for use in its business • Acquisition or leasing of prescribed automation equipment • Training of employees • Approved design projects	**Tax Deduction:** All businesses claiming PIC. Businesses can deduct 400% of their qualifying expenditure on each of the 6 qualifying activities from their income, subject to: • a combined cap of S$800,000 of expenditure for each activity (from YA 2011-2012) • a combined cap of S$1,200,000 of expenditure for each activity (from YA 2013-2015) **Cash Payout:** Small & Growing Businesses converting their Qualifying Expenditure to a cash payout. These businesses will have the option to convert S$400 to S$100,000 of their qualifying expenditure for all 6 activities taken together into a cash payout. The conversion is done at a rate of 30% up to a S$30,000 payout per year from YA 2011-2012; nd 60% up to S$60,000 payout per year from YA 2013-2015. For YAs 2011 and 2012, businesses can convert up to a combined total of S$200,000 qualifying expenditure for all 6 activities into a cash payout. This works out to a cash payout of up to S$60,000 (30% x S$200,000)

Exhibit 11.5 – Qualifying Expenditure and Quantum of Benefit for PIC

Inclusive Growth Programme (IGP)

The Inclusive Growth Programme was set up in 2010 to drive productivity and improve the skills and pay of low-wage workers (Channel NewsAsia, 2012). It replaced the previous Job Re-Creation Programme and tapped into the S$2 billion National Productivity Fund set up by the government. The programme focused on measurable productivity. Companies will be tracked on how they have enhanced productivity, how they measure it and how they share their gains with workers. It seeks to encourage businesses to become more productive by co-funding projects that improve productivity using measurable indicators, such as productivity per worker, revenue per worker, value-added per worker, etc; improve the value of low-wage jobs and raise the wages of the bottom 20 per cent of the workforce (earning S$1,700 or less per month). All Singapore-registered businesses operating in Singapore are eligible to apply for IGP. To find out more, companies should visit www.e2i.com.sg/services/employers/inclusive-growth-programme. Exhibit 11.6 lists the types of projects for IGP and its funding details.

Project Type	Funding
To qualify for co-funding, your project must demonstrate benefits to both operations and workers: • business operations are more efficient, produce higher quality products and services and/or become faster in adapting and responding to market conditions • productivity gains are shared with low-wage workers (e.g. higher salaries, performance incentives, etc.) Eligible projects include: • automation and mechanisation (e.g. purchase of equipment) • process re-engineering • registration of intellectual property rights • adopting Best Sourcing Initiative (BSI) standards • training programmes • job redesign	Up to S$150,000 per project and S$500,000 per company per year: • up to 50 per cent co-funding for use of equipment/ technology and process re-engineering • up to 90 per cent co-funding for training directly relevant to productivity improvement

Exhibit 11.6 – Types of Project for IGP and its Funding Details

Increase SME Productivity with Infocomm Adoption & Transformation (iSPRINT)

In March 2010, in collaboration with SPRING Singapore and the Inland Revenue Authority of Singapore, the Infocomm Development Authority of Singapore (IDA) launched iSPRINT to accelerate the infocomm adoption amongst SMEs to raise their productivity and sharpen their competitive edge (IDA, 2007). The iSPRINT scheme was aimed at addressing various computerisation needs of SMEs, from simple IT applications to innovative use of technology to transform the business.

The objective is to encourage SMEs to use technology to improve or innovate their business operations. The infocomm project is expected to lead to an increase in productivity and revenue. To find out more, visit www.ida.gov.sg/Sector%20Development/20060929142757.aspx. Exhibit 11.7 lists the project type, grant cap and qualifying costs for iSPRINT.

Project Type	Grant Cap	Qualifying Costs
Packaged solutions pre-qualified by IDA for Finance/Accounting/ Human Resources/ Payroll	Up to 50 per cent of qualifying cost, capped at S$1,500 per packaged solution	Software Consultancy Services Training
Customised solutions E.g. Customer Relationship Management, Enterprise Resource Planning	Up to 50 per cent of qualifying costs, capped at S$10,000 per SME	Consultancy services
Advanced customised solutions that requires extensive development efforts and business re-engineering	Up to 50 per cent of qualifying costs (Grant amount is determined based on a case-by-case basis)	Manpower-related costs Consultancy services Hardware/ software

Exhibit 11.7 – Project Type, Grant Cap and Qualifying Costs for iSPRINT

Conclusion

With uncertain economic times and increased competition, accounting entities should strive to invest in enablers such as training and information communication technology to raise productivity. The Singapore government has taken the lead in the productivity drive by providing a long list of assistance schemes and grants to local companies to raise their productivity and improve business growth. However, government efforts will be futile if accounting entities do not participate actively and fail to make productivity a top priority.

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