



ASEAN SMPs

A Practical Briefing Report on
Technological Competency Skills



ASEAN Federation of Accountants

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DISCLAIMER

INFORMATION

In this research, all SMPs are part of SME under the category of 'services' which fundamentally refers to all business services including distributive trade; hotels and restaurants; accounting professional and ICT services; private education and health; entertainment; financial inter-mediation; and manufacturing-related services such as research and development (R&D), logistics, warehouse and engineering and etc. depending on the individual country's definition.

AFA Research Report (2018) identified significant issues on inconsistent and arbitrary definitions of SMEs within and between countries, across regulatory bodies, government departments and professional institutions. Differences in existing laws, rules and jurisdiction within and between countries contribute to difficulties in sharing a common regional definition.

Different countries have individual characteristics of SMEs such as employment-based, asset-based, and revenue-based. It is fair to conclude that, any of these three features can be used to define SMPs in the ASEAN region. This research recognised employment-based as a common definition for SMPs as this feature is available among the five selected countries.

The overall samples for this research cover only five (5) countries which are Cambodia, Indonesia, Malaysia, Singapore and Thailand. Results presented in this report are mainly from descriptive analysis and qualitative findings using interview technique to confirm the research objectives. This research was conducted between November 2019 until June 2020, and the data collection phase was done from November 2019 until February 2020.

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RESEARCH

BACKGROUND


Overall, SMEs contribution to the economy is undoubtedly massive – they employ more than 52% of the total workforce, contribute between 10% - 30% of ASEAN export volume and produce more than 30% of the ASEAN GDP (SME Development ASEAN 2018).

Small and Medium Practitioners (SMPs) play an important role in supporting SMEs via providing business consultancy services, especially in terms of compliance to accounting & taxation, business advice, statutory advice and financial management support (Husin & Ibrahim, 2014).

RESEARCH

OBJECTIVES


This report describes the key findings, current level of competency, framework, and challenges faced by ASEAN SMPs in improving their technological competency skills in five respective countries namely Cambodia, Indonesia, Malaysia, Singapore and Thailand. This report will provide understanding on how to better assist SMPs to improve their service level and help them to achieve sustainability.



Key challenges experienced by ASEAN SMPs in technology adoption include:

KEY CHALLENGES

- 1** Technology is expensive and time consuming.
- 2** Mismatch in technology between SMEs and SMPs.
- 3** Inadequate regulatory policy and support.
- 4** IT workforce shortage and poor IT skills.
- 5** Age variance factor.
- 6** Lack of motivation to adopt technology.



Key findings of the report include:

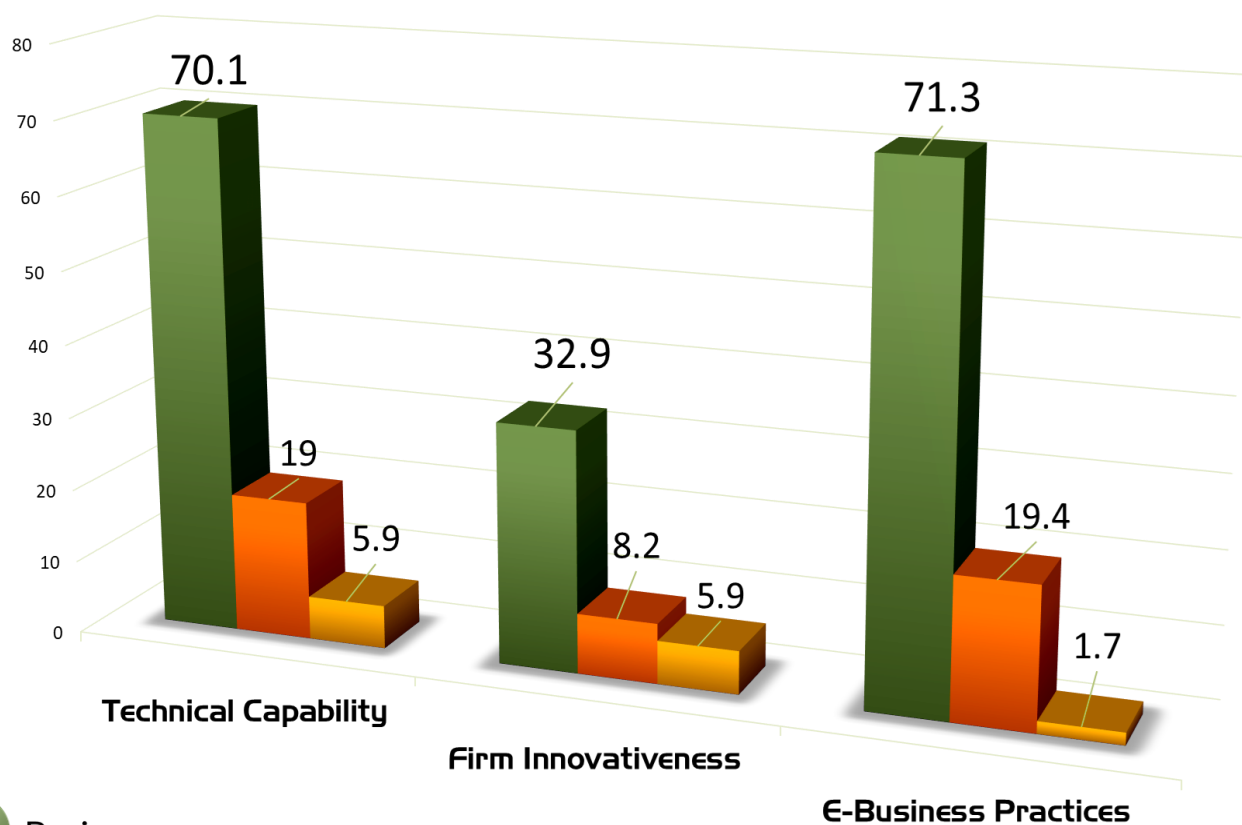
KEY FINDINGS

- 1** Similar level of competencies possessed by the SMPs across different countries.
- 2** SMPs in the ASEAN region possess only basic level of technological competency skills.
- 3** SMPs utilise various free IT tools and platforms to facilitate their daily operations.
- 4** SMPs view technology development as a significant challenge due high cost & insufficient knowledge.
- 5** ASEAN SMPs are ready to change their ways of doing business to suit the latest trends.

Key findings of the report include:

KEY FINDINGS

6 Current Level of Technological Competencies Skills.



Basic



Intermediate



Advanced

Graph above refer to the Technology Competency Skills among ASEAN SMPs in %

This research developed a new framework which is suitable to:

KEY RECOMMENDATIONS TFeP FRAMEWORK

1

Determine SMP firms' and employees' current technological competency skills.

2

Assist SMPs to prioritise relevant technology to invest into.

3

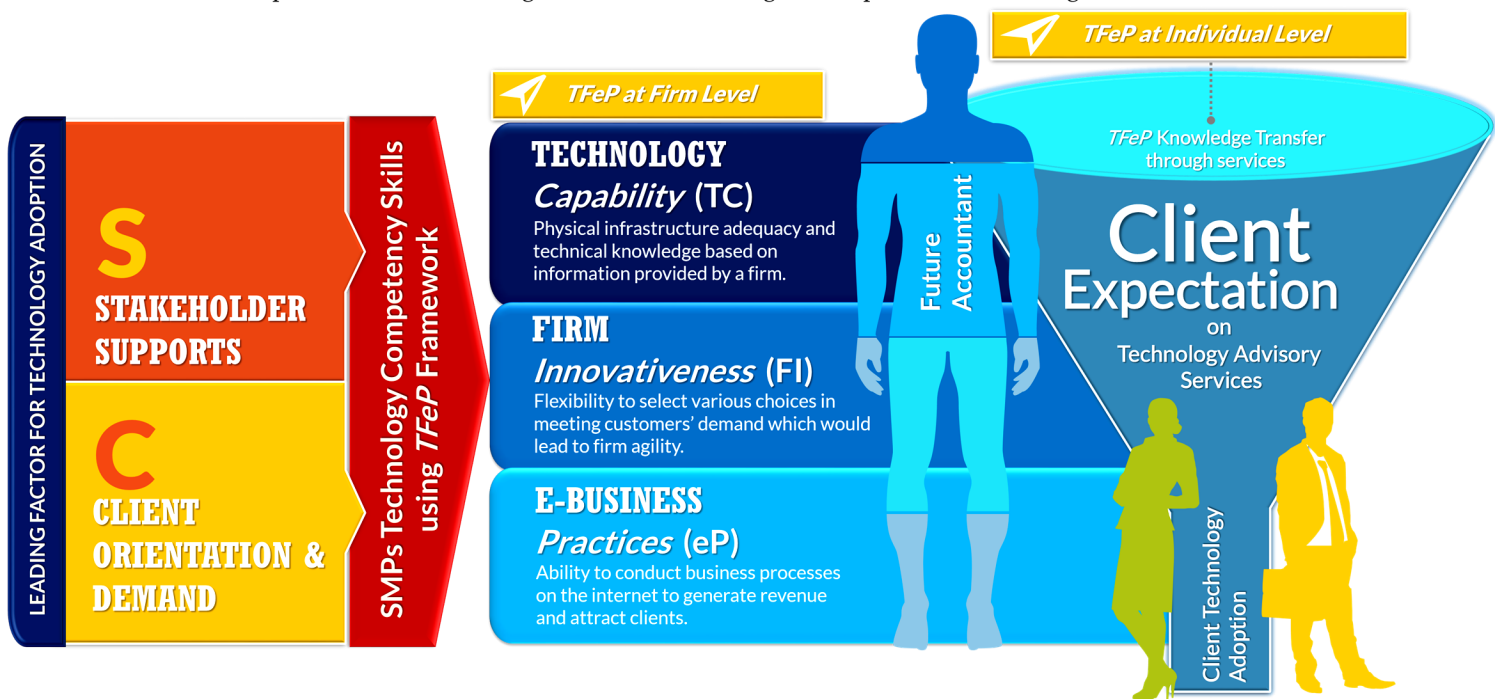
Develop a recruitment framework to identify the right staff with the required technology competency.

This research developed a new framework for ASEAN SMPs:

TFeP FRAMEWORK

ASEAN - APTCS

Proposed ASEAN Accounting Professional Technological Competencies Skills using *TFeP* Framework



ASEAN Accounting Professional Technological Competencies Skills using TFeP Framework.

Based on this
framework:

KEY RECOMMENDATIONS TFeP FRAMEWORK

- 1** Stakeholder Supports (S) and Client Orientation and Demand (C) are the leading factors for technology adoption.
- 2** Main determinants of SMPs skills include Technology Capability (TC), Firm Innovativeness (FI) and E-Business Practices (eP).
- 3** Implementation of TFeP at firm level will indirectly influence future technological competency skills at individual level.

MOVING FORWARD

Recommendations
for ASEAN SMPs
moving forward:

1

Utilize the TFeP framework

The TFeP can help to determine SMPs firms' and employees' current technological competency skills, help to identify the right staff / candidate for a firm, and assist to identify relevant technology to invest into.

2

Enhance roles of stakeholders & Governments

Several ASEAN Governments provided help in terms of vouchers / grants / subsidies to help SMEs obtain new technology, improve innovation & productivity, provide training & development programs, and enhance the quality of services rendered.

3

Improve SMPs personnel's skills

It is utmost important to improve SMPs personnel's technological skills, i.e. IT, software and relevant applications. For example, IAPI in Indonesia helped to develop an audit software to equip SMPs and their personnel with latest technology at affordable cost.

MOVING FORWARD

Recommendations
for ASEAN SMPs
moving forward:

4 *Increase training and awareness programs for SMPs*

Training and awareness programmes should be conducted on the importance of using technology to improve auditing and accounting processes. For example, there are audit firms in Malaysia that have started to use artificial intelligence in their daily work flow.

5 *Prepare and embrace IR 4.0*

SMPs need to be aware and implement the latest gadgets and systems that are future proof (IR 4.0 ready) and can improve their efficiency, reduce costs, improve work quality, and facilitate business dealings. This will become the firms' competitive advantage over their rivals to ensure their survival in the cruel business world.

6 *Utilize cloud computing and remote working policies (e.g. COVID-19 pandemic)*

Disruption from COVID-19 pandemic is a blessing in disguise for SMPs with remote working technologies – they are seeing increased demand as businesses increase their remote working capabilities. Demand for cloud infrastructure services and specialised software will increase due to the increase in remote working culture moving forward.

The full report can be obtained from AFA website (www.afa-accountants.org)

ASEAN Federation of Accountants Research Grant

2019

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