

# Consolidated Support System for SMEs: A Case Study

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**Abstract** This year, the Ministry of SMEs and Startups announced the introduction of the “Consolidated Support System on SMEs.” However, there is still a lack of conceptualization on the meaning of “consolidated support” in practice, and there is also a lack of in-depth discussion of integrated governance for unifying policy implementation systems in the academic field. This study tries to set a definition of consolidated support by examining the unification of the policy delivery system in the social welfare field, which has similar aspects to service delivery for supporting SMEs. This study then reviews cases of the integration and enforcement of the SME support policies of the UK, China, Japan, and Australia. By examining the cases of other countries, the study draws implications for Korea.

**Keywords** consolidated support system · service delivery · SMEs supporting policy · integrated governance

## Introduction

Even if limited resources are efficiently utilized in the policy process, and the needs of the policy target group are properly reflected in the policy content, the result is more likely to fail

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than to be successful. This is because it is impossible to obtain complete information about future changes in the policy process, and the policy situation may change at any time. In other words, policymakers or related officials cannot always control and manage important variables that affect the policy process to a sufficient and necessary degree. Thus, in reality, efforts to reduce policy failures may be more persuasive (Oh, 2003).

On the other hand, one of the factors affecting the likelihood of policy success is the “policy capacity” of the policymaker. Policy capacity means the degree to which policymakers are appropriately aware of policy issues, choose effective alternatives, and implement executive plans based on an accurate interpretation of the determined policy content so that they can be practically applied. It also refers to the comprehensive ability to manage resources, manage crises, and establish public relations for the target groups in the policy process.

However, in the process where all policies and government projects are specifically drafted and implemented, it can often be found that a policy system is composed of multiple organizations to implement policy efficiently rather than single organization. The SME support policy is no exception to this. In other words, it is a reality that the central SME policy and government-related organizations (Presidential Commission on SMEs, Small and Medium Business Administration [hereafter SMBA], etc.) and local organizations (regional offices of SMBA, regional headquarters of SBC, local government, etc.) are intertwined with each other in a vertically and horizontally complex way.

In Korea, the system of support policy for various industries was gradually changed in the process of governmental reorganization in order to implement SME support policies more efficiently. In this process, the SMBA has strengthened its role by having transferred to it the policy functions from the Ministry of Trade and Industry, and the organization of regional offices of SMBA has also been strengthened, resulting in a flood of inefficient and fragmented affiliated organizations. As a result of establishing support organizations for each sector to solve the problems faced by SMEs, the number of SME support agencies increased to 23 (as of 2018), and confusion has arisen as to which agencies should be allocated more resources to solve problems of SMEs. In addition, problem of coordination between supporting agencies for implementing supporting program of SMEs caused inefficiency of redundant support. For SMEs, it is difficult to apply for government support projects due to lack of information. Even if an SME has acquired information, it takes considerable time to get support from government due to decentralization between agencies carrying out the support programs.

Therefore, the Ministry of SMEs and Startups announced the introduction of the “Consolidated Support System on SMEs” in 2018. In addition to improving the existing method of applying for support programs, the new policy tries to enhance the effectiveness of policy implementation. As support programs for SMEs (divided into funding, technology development, export, marketing, etc.) have been separately screened, selected, and managed, there was insufficient inter-business linkage or tie-up support, which are what SMEs really need. Accordingly, the new policy has been made necessary, as the previous fragmented support programs have had difficulty in creating results. The basic premise of the Consolidated Support System on SMEs is to “bundle” the support programs that are needed by firms.

However, in practice, there is still a lack of conceptualization on the meaning of “consolidated support,” and in the academic field there is also a lack of in-depth discussion on the meaning of the integrated enforcement of policies. Paying attention to this point, this study first examines

the unification of the policy delivery system in the social welfare field among various policy areas of government and derives a definition of consolidated support. In order to enhance the policy effect through the integration of the policy delivery system, various attempts have been made in the field of social welfare, such as reorganization and construction of the integrated network. In this regard, identifying how the reorganization of the social welfare delivery system has proceeded can provide implications for the integration of support policies. Following this, we review cases of the integration and enforcement of the SME support policies of the UK, China, Japan, and Australia. By examining the cases of other countries that have integrated a support system for SMEs, we can draw implications for Korea in its first year of implementing a “consolidated policy delivery system” for SMEs.

## **Literature review on “consolidated support”**

### **Literature review on “Consolidated Support for SMEs”**

Discussions on SME support systems have been taking place for many years. The dictionary definition of “system” is “a way of working, organizing, or doing something which follows a fixed plan or set of rules.” Therefore, the SME support system can be defined as “unified whole organizations or institutions which are necessary components for supporting SMEs.” The discussion of this system is mainly based on identifying problems of the system and suggestions for solving them.

In order to solve the various problems in relation to the administrative support system for SMEs in Korea and to establish a support system necessary for the implementation of SME policies efficiently, Cheol-ho Oh (2003) discussed provision of a “one-stop service” to local SMEs and started discussing the “one-stop support system.” In the study conducted by Tae-suk Oh (2004) to improve the support system for SMEs at Incheon, he argued that it is necessary to establish a cooperation network between supporting agencies to facilitate the collection of information on various support programs. In order to carry out the concrete integration work, he suggested establishment of a “single integrated management body” to promote budget, administration, and business in one place. Sung-Kwon Kang (2002) mentioned “one-stop service” directly in his research, but there is no official definition of one-stop service according to him. Generally, a one-stop service is defined as a service that takes full responsibility from reception to the provision of services. Kang explains that advanced countries define the system as one that receives just a single application form and provides all administrative services to SMEs.

In other words, most of the problems concerning a support policy for SMEs stem from duplication of policy execution and ambiguity of roles between supporting agencies. This leads to the problem of a supplier-oriented delivery system and fragmentation of the system. Therefore, reviewing the field of welfare service delivery, which has improved the effectiveness of policy implementation by reorganizing the policy delivery system, will contribute significantly to solving the problems of supporting policies for SMEs. As government departments implement SME-related policies, the beneficiaries of the policy services span many industries and are scattered locally. Therefore, it is summarized as a multilayered service provision system that

provides different policy services via various ministries of the central government and local governments and results in a problem of coordination. In this respect, it is necessary to review the reorganization of the public welfare service delivery system, as it has similar aspect to the problems of the delivery system of policies to support SMEs.

Meanwhile, according to the press release of the Ministry of Small and Medium Business, “consolidated support system” means a “concept of collectively applying for a support project and its evaluation,” as a change to the existing method of separate application, evaluation, and support provision. Because the existing SME support projects proceed with separate screening, selection, and management processes for each sector and business, there are many aspects of difficulty to generate the desired results due to lack of support for linkage or bundling between the support services required by the SMEs.

### **Literature review: “Consolidated support” in social welfare**

Adjustment and reorganization of the delivery system of the social welfare system can be explained as an “integration of policy delivery.” Policies related to various ministries should be designed so that the policy objectives and various policies of each ministry can be coordinated with each other to ensure consistency. Based on the discussions, a pilot project was developed. After confirming the details of the program, a model for delivery system reorganization was developed and an experiment was conducted.

Interest in the public welfare delivery system in Korea began to increase in the late 1980s due to the enactment of the Welfare Service Act, which has resulted in a large increase in the number and types of social welfare service providers and welfare centers. Also, as the National Basic Livelihood Security System became effective in 2000, the amount of public expenditure and administration related to welfare changed greatly. The national budget for welfare-related input has increased greatly, but the feeling of welfare felt by the people was low. As a result, discussions on the reorganization of the delivery system began.

As a result, Seo et al (1988, p. 147) proposed a new model which covered from the central ministry to the social welfare office of the government office. This model, however, lacks consideration in terms of integration. As pointed out by Park et al. (1992), the model presupposes that the central government enforces welfare policies. There is difficulty in securing diverse services in accordance with local needs, and this has been a weakness in achieving the basic purpose of municipalities. In addition, a lack of discussion on linkages with other services, including welfare and health, led to a lack of consideration of integration.

The commonality of the proposed delivery models until 1990 is that they separated health and social administration from general administration at the district level. This is because the Ministry of Health and Social Affairs was administered through a subordinate organization of the Ministry of Home Affairs at that time, and there was a lack of expertise in delivering public welfare from the actual execution department. Therefore, since the 1990s, the debate about a new model for the public welfare delivery system has been dealt with more deeply.

In the late 1990s, the Residents Welfare Center model was proposed, and resident welfare centers were set up at the government office in order to offer services related to healthcare, welfare administration, social insurance and employment, and culture and information. It is argued that the new model made it possible to improve policy efficiency through the provision

of efficient services that are linked to employment, social insurance, culture, information, health, and welfare, and the coordination of redundant tasks by department. In other words, discussions for the creation of an alternative model of public welfare delivery triggered in the late 1980s have had in common an attempt to integrate various systems and services as a basis for providing integrated services in one single physical space.

In 2000, the introduction of the National Basic Livelihood Security System accelerated the discussion of reorganization of the delivery system. The purpose of this system is to build an integrated linkage system for support service for the whole life-cycle and to build a comprehensive information-provision system to improve the convenience for residents. This reflects the strengthening of the planning ability, integrated research function, and service linkage function based on the experience of the social welfare office. From the viewpoint of the local residents, it was possible to receive comprehensive information, counseling, and related services about living through a single window, which led to an improvement in the satisfaction level.

Since 2010, local governments have been able to reorganize their delivery systems autonomously and find implications from it. A representative example is “Center Link,” which was implemented in Seodaemun-gu, Seoul. The main contents of “introduction of Center Link for one-stop welfare service” are (1) provision of a customized service meeting individual needs, and (2) provision of a “visiting service.” This new approach is meaningful because it reduces the welfare blind spot and strengthens the service provision (Ryu, 2013).

## **Policy integration**

Considering that it is a sub-detailed policy among the diversely promoted policies from the government, the SME support program needs to consider policy integration. Policy integration means that it is necessary to rearrange individual policies in the same direction or promote them to meet the overall goals, while assuming diversification and autonomy of policymakers. This makes an effort to eliminate conflicts between policy objectives and inefficiencies in policy enforcement processes and requires in-depth interaction compared to policy cooperation and policy coordination (Meijers & Stead, 2004). Policy integration is the integration of actors and networks, procedures and policy instruments. In a situation where policy integration is becoming more difficult due to self-interest among ministries, it is found that efforts are being made to change the name of the organization and to change the original function and budget allocation structure in order to bring about organizational integration. In other words, policy integration at the structural and procedural levels (Kim, 2005).

## **Comprehension of literature review and definition of consolidated support system on SMEs**

According to the review of the above literatures, “consolidated support system on SMEs” can be defined as “providing various support services in the medium to long term in order to solve problems faced by individual SMEs.” In other words, this system can be referred to as a system that integrates or reorganizes the delivery system of government policies and improves government productivity in order to support SMEs that are scattered across multiple regions and span multiple industries, such as manufacturing, service, etc.

## Case Studies: UK, China, Japan, and Australia

Based on the review of the literature and the establishment of the concept of a consolidated support system, we will now look at how SME support services are operating in each of the UK, China, Japan, and Australia, and draw implications for establishing a consolidated support system in Korea.

From the literature review, it is clear that consolidated support systems can be run in a variety of ways, such as reforming the organization that implements the support policy, physically integrating the support organizations, or reorganizing the laws and systems that underpin the support.

In order to consolidate SME support policies, the UK has reorganized its organization and China has physically integrated its support facilities to improve the convenience of SMEs that are beneficiaries of support projects. In addition, Japan and Australia have achieved results that enable them to focus on the demand side by reorganizing the laws and regulations that underpin the support policies. In this regard, it is necessary to examine case studies of these countries and derive suggestions for Korea.

### UK

#### *Background of case study*

In 2007, the UK government shifted the direction of the provision of SME services to being consumer-centered and field-centered, in order to provide business-friendly policy services.

In April 2007, UK Shared Business Services (SBS) was strengthened and promoted to Enterprise Directorate (hereafter ED) to be responsible for professional planning and policy coordination. Through this process, the executive function of the central government has shifted its service delivery system to the field-level, regional center of “Business Link.”

In order to simplify the redundant support programs, the UK government proposed to reduce the existing support programs of more than 3,000 enterprises to fewer than 100, and launched the SME Policy Reexamination Advisory Council, consisting of more than 20 business people. Through this process, the UK government reorganized the delivery system of SME support programs and created an environment where firms can focus on business management.

The main goal of the UK government's corporate policy focused on “making a good environment for doing business regardless of the economic situation.” The main forms of support are consultation, granting loans, and cash support. With nearly 3,000 support programs operating in the early 1990s, complaints accumulated that the government's support program was too complicated and confusing. The main reason for the complaints was that each support program was similar to other programs operated by different government agencies, causing redundancy, and some SMEs even invested their own funds in order to obtain information on government support.

As firms hoped to receive help to more easily acquire information and generate results, the UK government implemented program reforms in 2007 that incorporated the multiplicity of programs into a single support program titled “Solution for Business: Funded by government”

to make support provision more efficient. In addition, the gateways of the support program were unified as “Business Link.” This reform process was expected to reduce administrative costs by about 12% by focusing on simplifying overlapping and redundant functions, and the UK government announced that savings would be reinvested in SME support programs.

**Table 1** The characteristics and changes of SME support programs in the UK

Classification	Period	Characteristics of Service Delivery	Major Agency
Phase 1	1970s	Passive support	Small Firm Division
Phase 2	1980s	Active support - Direct support, including Enterprise Allowance - Enterprise Initiative (1988 - 1994) operating a subsidy program encouraging SMEs to use external consultants	Small Firm Division
Phase 3	1990s	Evolve Business Link (1993) into a more decentralized, regional-based enterprise support system - Operated in partnership with regional chambers of commerce, municipalities, and other private organizations.	Small Firm Division
Phase 4	1999 - 2005 2005~	Proactive support - (2000) Business Link Operators (BLO) merged from 83 to 45 - (2002) Started the BL portal site - (2003) Introduced brokerage model to BL, helping brokers and intermediaries of experts rather than direct help - (2005) Merged redundant services and transferred responsibility of management on BL from SBS to RDAs to maximize the value of partnerships at local level	Enterprise Directorate

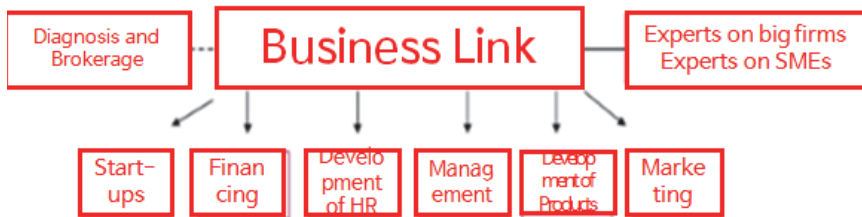
Source: Reconfigured by researchers based on (1) Choi & Han, 2008, (2) Department for Business, Enterprise & Regulatory Platform, 2007.

### *Business Link details*

In order to become Business Link operators, private institutions (such as a local chamber of commerce, consultant, etc.) should develop a business plan, submit it to the regional development agency (hereafter RDA), and go through the selection process of open competition. The selected organizations are authorized to use the “Business Link” brand and have a three-year contract with the RDA to serve as a dedicated service provider in the region. The RDA manages all activities of authorized organizations.

The RDA is responsible for the policies related to Business Link, originally managed under the jurisdiction of SBS before being transferred to the RDA in 2006. Business Link operators are located in 42 counties in England and are managed by nine RDAs. Support programs for SMEs are provided free of charge, and the Business Enterprise Regulatory Reform Department (BERR, formerly the Ministry of Trade and Industry) supports operating costs of about KRW 250 billion per year. HM Revenue & Customs has funded management of online services.

Since its reorganization in 2007, Business Link has provided information regarding solutions for SME management such as diagnosis, prescription, and accounting techniques, as well as information on technology development and e-commerce. It also provides information on startups, financing, human resources development, and marketing (Choi & Han, 2008). In addition to applying nationwide uniform standards under ED management, Business Link operators also operate their own programs reflecting the specific needs and characteristics of the region. The unique program for each specific region is under the responsibility of the RDA. In other words, Business Link serves as a gateway to corporate support as a one-stop shop for supporting SMEs and forms a nationwide network for cooperation between firms and supporting agencies through a single window. It also provides support for the firms across all phases of the life cycle, from startup to corporate growth to succession. This type of support is indirect rather than direct, in the form of counseling, provision of basic information, referral to appropriate support agencies, and evaluation.



Source: Choi and Han (2008).

**Fig. 1** System of service delivery through Business Link

Business Link works on the basis of the “click-call-visit” method, and the operational model follows the IDBT (information-diagnosis-brokerage-transaction) model. An SME accesses the national Business Link website (“click”), dials the national telephone number that each firm can consult in real time (“call”), or visits the local Business Link office and applies for customized support. The IDBT model is an abbreviation for information provision, diagnostic evaluation, and brokerage to support the business of SMEs. (1) Informing: Providing information such as a how-to guide, case studies, and a web-based information service. (2) Diagnosing: Diagnosis based on an online self-assessment program and through advanced consultation. (3) Brokerage & Transaction: Brokers consist of a minimum of three professionals for in-depth support. On the basis of the IDBT model, firms eligible for Business Link support can benefit from the service at any point in their life-cycle. All services are available online or offline.

Firms can receive support from any one of the 30 programs in the “Solution for Business” that are appropriate for solving problems faced by the firms, and they can receive support offered by private sector entities. Firms that wish to receive support first contact Business Link via one of the methods outlined above. At the initial stage of consultation, the applicant explains to the consultant the problems that the firm is facing, the support services that would be necessary to solve the problems, and the results to be generated through the support service. The Business Link consultant must first establish an Action Plan to meet the firm’s goals through consultation with the company, which includes specific details of the support program and how to apply for it. For example, if a startup company contacts a Business Link consultant, the consultant takes



steps to support the company with programs for startup firms such as Starting a Business, Intensive Start-Up Support, Starting a High Growth Business, Understanding Finance for Business, Small Loans for Business, etc. Also, once a firm begins receiving support, the Business Link officer continues monitoring and evaluation to ensure the stipulated goal is met. During the support period, the officer will link up with additional support programs if the situation changes. In all, 1,200 professional consultants work for Business Link to provide adequate support for each firm, accumulating 850,000 support performance records in FY2007-08. The UK government has no discrimination against foreign-invested firms, and all firms registered in the UK can be supported by the UK government on equal terms.

**Table 2** Programs of solutions for business: Funded by government

Program	Start-ups	New firms	SMEs	Big Firms
Export Credit Insurance			o	o
Grant for Business Investment		o	o	o
Maximising Foreign Direct Investment			o	o
Accessing International Markets			o	o
Developing Your International Trade Potential			o	o
Train to Gain			o	o
Business Collaboration Networks		o	o	o
Business Premises		o	o	
Business Growth: Specialist Facilities and Environments			o	
Starting a Business	o	o		
Intensive Start-up Support	o	o		
Starting a High Growth Business	o	o		
Manufacturing Advisory Service		o	o	o
Designing Demand		o	o	
Innovation Advice and Guidance			o	o
Coaching for High Growth			o	
Enterprise Finance Guarantee		o	o	o
Small Loans for Business		o	o	
Understanding Finance for Business	o	o	o	
Finance for Business		o	o	
Enterprise Coaching	o			
Improving Your Resource Efficiency			o	o
Collaborative R &D			o	o
Networking for Innovation		o	o	o
Knowledge Transfer Partnerships			o	o
Innovation Vouchers			o	
Low carbon Energy Demonstration			o	o
Rural Development programme for England business support	o	o	o	o
Grant for Research and Development	o	o	o	o
Automotive Assistance programme			o	o

Source: Department for Business Innovation & Skills, Business Link, Direct gov.

These Business Links cover the regions of England, Business Gateway covers Scotland, Business Eye covers Wales, and InvestNI covers Northern Ireland, all providing similar services to enhance the efficiency of business support.

This has created an environment where each firm can reduce the wastage of time and money. In particular, it has had a hugely positive effect on SMEs having difficulty in meeting the application requirements because of lack of management capacity compared to large corporations. Approximately 610,000 firms and 180,000 startups use Business Link services, and approximately 1 million people visit the online services each month. In a survey conducted in 2008, 91% of the users were satisfied with the service, and 96% answered that they were willing to recommend it to others. Brand recognition among small firms in the UK was as high as 80%. Each £1 spent by the UK government on Business Link was assessed to generate an economic value of £2.26 (HM Treasury & BERR, 2008). After the integration into a single window and operation, 135,700 firms submitted applications for support in three years, resulting in job creation, received financial support of an average of £1,000, and an increase in enterprise revenue of an average of £30,000 per firm (F. Elliot, 2011).

Even after consolidating the windows of SME support programs, the UK government continued to manage the efficiency and effectiveness of its support programs.

In principle, it has banned the establishment of related agencies in each ministry, and it has gradually reduced the number of websites by department and maintains a single gateway. According to the Varney Report (2006), all corporate support sites by each ministry were closed down in 2011 and integrated into [Businesslink.gov](http://Businesslink.gov). This alone reduced the number of support services operated by various ministries to 100.

## China

### *Background of the case study*

The Chinese government has emphasized innovation to promote economic growth, strengthen support for entrepreneurship, and implement reforms to improve government services. In line with the guidelines of the China Council, China has increased the efficiency of its support programs through “one-stop support” and investment enhancement for SMEs.

China offers a one-stop service in a practical sense. Functions of SME support services that were dispersed among various agencies were merged and integrated to increase the efficiency of the delivery of support and achieve economies of scale. As competition between regions and between institutions has intensified, China has been expanding the service systems to meet the specific needs of each region. In addition, by integrating various licenses related to entrepreneurship and issuing them from a single portal, the market efficiency of entrepreneurs is being raised. Prior to the integration, entrepreneurs who wanted to start a business had to acquire licenses<sup>1</sup> separately from the Industry and Commerce Bureau, the Technology Supervision Bureau, and the Tax Bureau. Regarding integration of services that differ by region, the regions of Tenzin and Suzhou operate most remarkably, so we will look at the services in these two regions in detail.

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<sup>1</sup> Licenses include “permission of sales” and “tax registration certificate.”

### *Details of the reform*

In Goshin, the Technology Development Zone in Tenzin, the TEDA Administrative Committee enacted an ordinance to establish a support service center and immediately provide various support services for enterprises. In the Goshin Technology Development Zone in Tenzin, which has been attracting attention due to the development of Binhai New Area, service space is provided in technical development zones, and various corporate support services are provided by the Public Security Agency at the center. By providing support services in relation to each enterprise, the center operates a variety of service spaces and satisfies the needs of each enterprise.

Tenzin's support services are divided into financing, technical support, R&D, promotion of key industries, financing, protection of intellectual property rights, and promotion of science and technology. In the space of 65,000 m<sup>2</sup>, over 20 government ministries, such as the Commerce Bureau, Foreign Affairs Bureau, and Tax Bureau, along with convenience facilities including banks, post offices, public offices, document copying centers, and airlines, are in operation. In addition, an evaluation system on the quality of the service provided by the employees who are dispatched to service centers was established to induce high-quality service provision. At the end of the year, the results of the evaluation are used for the calculation of performance bonuses.

**Table 3** Main contents of SMEs supporting services in Tenzin area

<b>Funding</b>	5% of financial income allocated to EDA science and technology fund annually.
<b>Technical Support</b>	Construction, management, rental assistance, attracting and training talent, purchasing government
<b>R&amp;D</b>	Funding for R&D subsidies, science and technology items
<b>Promotion of Key Industries</b>	Software certification assistance, bio-related management support, market development, etc.
<b>Intellectual property rights</b>	Assistance to domestic and foreign patent expense, patent implementation assistance, patent demonstration assistance, patent agent assistance
<b>promotion of science and technology</b>	Companies, science and technology, patents, science base construction, etc.

Meanwhile, in the case of Suzhou, the Industrial Zone Administration Committee opened the Suzhou Service Center, which is a coalition of service agencies designed to improve the investment environment, improve work efficiency, and enhance the convenience of investors. This center is a benchmark of public management practices in Singapore and China's first enterprise-friendly government service. It has transferred some of the licenses which previously belonged to the different agencies to the new center. In more detail, Suzhou Industrial Park has introduced the concept of counter service, which is the first concept of the public service in China in 1996, to provide services for start-ups, construction, and human resources supply for foreign-invested enterprises. In 2002, the new system was officially opened and personnel from each government department were dispatched to work. At the time of establishment, the number of dispatched personnel was about 20, and it was operated with a technical service. In order to meet the new demand and license, the scope of service was expanded to be a business-friendly model.

The aim of the Suzhou Service Center is to enable firms to complete all tasks, and the tasks

should be handled immediately on site with just one visit to the center. If examination on a higher level is required, the center would transfer the case to a higher-level institution. Compared to the past, the processing time is greatly shortened to two or three days for completing the transfer process to the higher-level organization. Even when higher-level organizations audit, firms do not need to visit the higher-level organizations themselves, and it can be processed through internal systems.

The Suzhou Service Center handles registration procedures for domestic and foreign firms in a unified manner, implements licenses and permits, and supervises service functions. In order to provide such services, related agencies, including national tax, local tax, and supervision have opened offices in the center.

## **Japan**

### *Background of the case study*

In order to enhance support for SMEs, Japan has established a support system that is stronger than those of other countries by integrating related laws and establishing Small & Medium Enterprises and Regional Innovation, Japan (hereafter, SMRJ). It is also noteworthy that Japan operates a Fast Pass system, which focuses on overseas expansion of SMEs, to overcome societal structural limitations due to low fertility and aging.

### *Details*

As the environment of SMEs has changed, the Japanese government has responded on the basis of the existing law. However, the problem of difficulty in understanding the support services for SMEs was posed, since there are many related similar laws and support measures were dispersed separately. Accordingly, in 1999, the Basic Law of Small and Medium Enterprises was completely amended. On the basis of the amended law, various measures were implemented according to firms' particular growth stages and problems. In May 2005, three existing laws, the New Business Creation Promotion Act, the Small Business Creation Act, and the Management Innovation Act, were consolidated and reorganized to create an environment where SMEs can more easily access support policies and systems. The Act on the Promotion of New Business Activities of SMEs, enacted in June of the same year, is the most basic law of the SME Support Program, and the major revision of the law can be interpreted as the Japanese government expressing full interest in supporting SMEs and strengthening the necessary policy instruments.

The Japanese government has also established SME Support Centers to establish a channel for on-site service delivery. In other words, the Japanese government emphasizes cooperation among the three types of SME support centers by SMRJ. SMRJ is a public consulting organization for technology development and management for SMEs and an independent administrative corporation established by merging three existing corporations in July 2004. In providing information on SME support programs, it also operates a website named J-Net 21 that enables firms to search support services autonomously. On J-NET 21 firms can acquire relevant information very quickly and easily.

A one-stop support service for SMEs, which is being developed and implemented by SMRJ, provides firms with business feasibility analysis and a packaged assistance project for SMEs planning for overseas expansion. The business feasibility analysis assists selected firms with a one-on-one counseling service (preliminary preparation, on-site investigation, and follow-up support).

**Table 4** Details of business feasibility analysis

Preliminary Preparation	Overseas Field Surveys	Post-support
<ul style="list-style-type: none"> <li>• Optimal location of production plant</li> <li>• Local infrastructure</li> <li>• Human resources</li> <li>• Related industries</li> <li>• Certification and authorization system</li> <li>• Investment incentives</li> </ul>	<ul style="list-style-type: none"> <li>• Local demand and market</li> <li>• Local consumption trend</li> <li>• Distribution channel</li> </ul>	<ul style="list-style-type: none"> <li>• Revision of plan reflecting on-site investigation</li> <li>• Improvement of firm's management and technology capacity</li> <li>• Check for cost and production process</li> </ul>

Source: Organization for Small & Medium Enterprises and Regional Innovation, Japan (2014).

SME Support Centers begin by engaging the services of experts from both the civil and government sectors who are clued up on SMEs' particular issues. The experts provide in-depth consultation, on-the-spot support, business feasibility analysis, and training programs to SMEs. In all, eight National Centers, 59 Prefectural Centers, and 259 Regional Centers have been established to provide SMEs with turnkey solutions. In addition to offering services of planning management strategies, marketing, and other consultation to entrepreneurs, the centers also provide SMEs with analysis, tax accountants, CPAs, and other specialists. As the work and activities of the centers are judged as an effective way of meeting various demands of SMEs, operation of the centers is being gradually strengthened.

The eight national centers provide services dealing with higher-level concerns, mainly planning strategies and financial/technical support and consultation. Managers at each of the eight centers are experts from the private sector with expertise in supporting SMEs/startups. In addition, the center supports the activities of the regional centers. The 59 provincial and municipal centers execute various support programs under the prefectural government, on the basis of the Japanese Small Business Support Act. Each center employs experts from various fields, including lawyers and accountants.

## Australia

### *Background of the case study*

Australia operates a voucher scheme to promote business growth and establish a channel to secure autonomy for SMEs selecting a support program. The Australian government provides R&D fund vouchers rather than direct provision, enhancing the efficiency of investment by taking a leading role in service selection. The state voucher system runs differently by state and assistance period. As the technology voucher system implemented by the state government of Victoria is judged to be the most successful (Forbes, 2014), we will look at it in detail.

### *Details of the technology voucher*

The state of Victoria supports businesses in the ICT and biotechnology industries to develop products through its technology voucher. The voucher was launched on the basis of the Technology Plan of Victoria, a technology strategy of the state. It promotes performance and growth and enhances international competitiveness. The voucher program targets SMEs employing up to 199 people with high potential for growth, and also large companies can be supported if it is in the state's interest.

Each firm can apply for a voucher individually. An organized consortium can also apply. The Small Technologies Industry Uptake Program (hereafter STIUP) voucher consists of (1) STIUP feasibility vouchers, (2) STIUP technical vouchers, and (3) STIUP trial vouchers.

In order to participate in the voucher system as a service provider (from the public, private, or nonprofit sector), the provider must meet standards for promoting technology adoption in ICT and biotechnology. Firms hoping to benefit from the voucher first submit an application form to the state government. An expert panel goes through a selection process of evaluation and adoption, considering productivity, competitiveness, and technology convergence. After completion of the selection process, the beneficiary must co-pay in order to receive the voucher an amount that is determined by the firm's size. The beneficiary of an AUD 50,000 voucher pay matching fee of AUD 12,500, AUD 250,000 voucher pay matching fee of AUD 62,500. The duration of the voucher depends on its type. The beneficiary of a Technology Implementation Voucher must launch the project within three months and complete it within 12 months. If beneficiary does not launch its project after the voucher has been issued, it will be withdrawn.

## **Implication and limitations**

### **Characteristics of overseas cases**

The UK, China, Japan, and Australia have unified their service delivery systems to improve the efficiency of SME support policies. The techniques used differ from country to country; e.g., legal reform or reorganization of supporting agencies.

The UK government has established the Business Link system to provide web-based information, corporate diagnostic evaluation services, and expert support services. The system supports firms throughout their life-cycle. Unlike the system implemented in Japan, it focuses on improving policy delivery through a website rather than legal reform. Noteworthy is the fact that the websites related to corporate support are unified by Business Link and used as a single gateway for corporate support.

The Chinese government, on the other hand, has integrated support services into a single physical location. The government established the one-roof system to provide a one-stop service offering comprehensive support for enterprises.

Japan's government has integrated existing laws into one to improve the accessibility of the public support system for SMEs. In addition, the government opened a web portal named J-NET 21 to provide a variety of information necessary for companies. Each local government

operates its own SME support centers, and each center cooperates with the other centers under SMRJ's control.

The Australian government operates a voucher system and ensures firms' autonomy in selecting the support program necessary for them.

## Policy implications

Implications of the consolidated support systems for SMEs in foreign countries are as follows. First, the problems of fragmentation of the policy delivery system caused by the existence of numerous laws and supporting agencies can be solved through legal reform and reorganization of the system. It is possible to refer to Japan's case of direct legal reform by the central government and the UK's method of integrating support services through construction of an online system. However, it should be considered that numerous online support systems cause confusion among SMEs. It should be maintained as single gateway to properly support SMEs.

In addition, if it is difficult for a single agency to provide every type of service, it would be desirable to establish a network of autonomous partnership between supporting agencies to enhance and consolidate support.

Finally, in order to provide tailor-made services that meet the needs of most SMEs, it is necessary not only to provide indiscriminate services that are uniformly applied to all firms, but also to monitor firms closely through consultation for provision of customized services.

## Limitations

With the study of a number of cases, we have tried to lay down groundwork for establishing a consolidated support system for SMEs in Korea. However, quantitative verification of the effectiveness of the support policies was not carried out in this study. For future research, we will acquire and analyze quantitative data to verify the effectiveness of consolidated services.

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