SINGAPORE: The Asia Competitiveness Institute is currently developing an index to monitor a company's productivity, efficiency and manpower management.

The index will be the first of its kind in Singapore, and will allow Small and Medium Enterprises (SMEs) to track and measure their productivity in a more systematic and comprehensive way.

Through its 100 indicators, the index will point out weaknesses and problems in SMEs and help them improve their productivity.

1,000 SMEs will be involved in the project.

"We're looking at hard data, looking at indicators from financial reports. We're looking at soft data by conducting surveys on how (SMEs) manage their manpower, on how human resource policies are being applied, on how they improve their production process," said Associate Professor Tan Khee Giap, co-director of the Asia Competitiveness Institute.

SMEs account for about 70 per cent of total employment in Singapore.

Analysts say improving the efficiency of SMEs is important to help achieve the national target of 2 to 3 per cent productivity growth for the next 10 years.

Home grown bakery Home's Favourite, for example, has turned to technology to combat increasing labour costs.

It invested in a new oven which increases its output by almost 80 per cent. The oven also cuts the company's manpower requirements by half.

Home's Favourite made use of productivity grants from the government to defray a large part of the machine's costs.

"Due to limited manpower, automation (is) one of the best choices to increase productivity," said Jason Lee, managing director of Home's Favourite.

The Singapore National Employers Federation (SNEF) has said that it believes the new index will be useful to SMEs.

"You must measure (productivity) to know where you are and where you want to be… So far we really don't have a good fix on productivity… these SMEs are spread over many many industries… even a rough measurement will be helpful," said Stephen Lee, president of SNEF.

The Asia Competitiveness Institute is expected to sign agreements with several government agencies to develop the index in February 2013.

The institute also wants to compare the productivity of Singapore SMEs with their competitors in the region and hopes to extend the project to cover Malaysia, Indonesia, Taiwan and Thailand.

- CNA/jc