Singapore Productivity Centre

Transformation of SMEs to be Future Proof, Future Ready

By Michael Tan

Agenda

1. Overview of Singapore Productivity Development
2. Driving Productivity Plan
3. Industry Transformation Map

Singapore Productivity Centre

Singapore Productivity Centre

About Singapore Productivity Centre

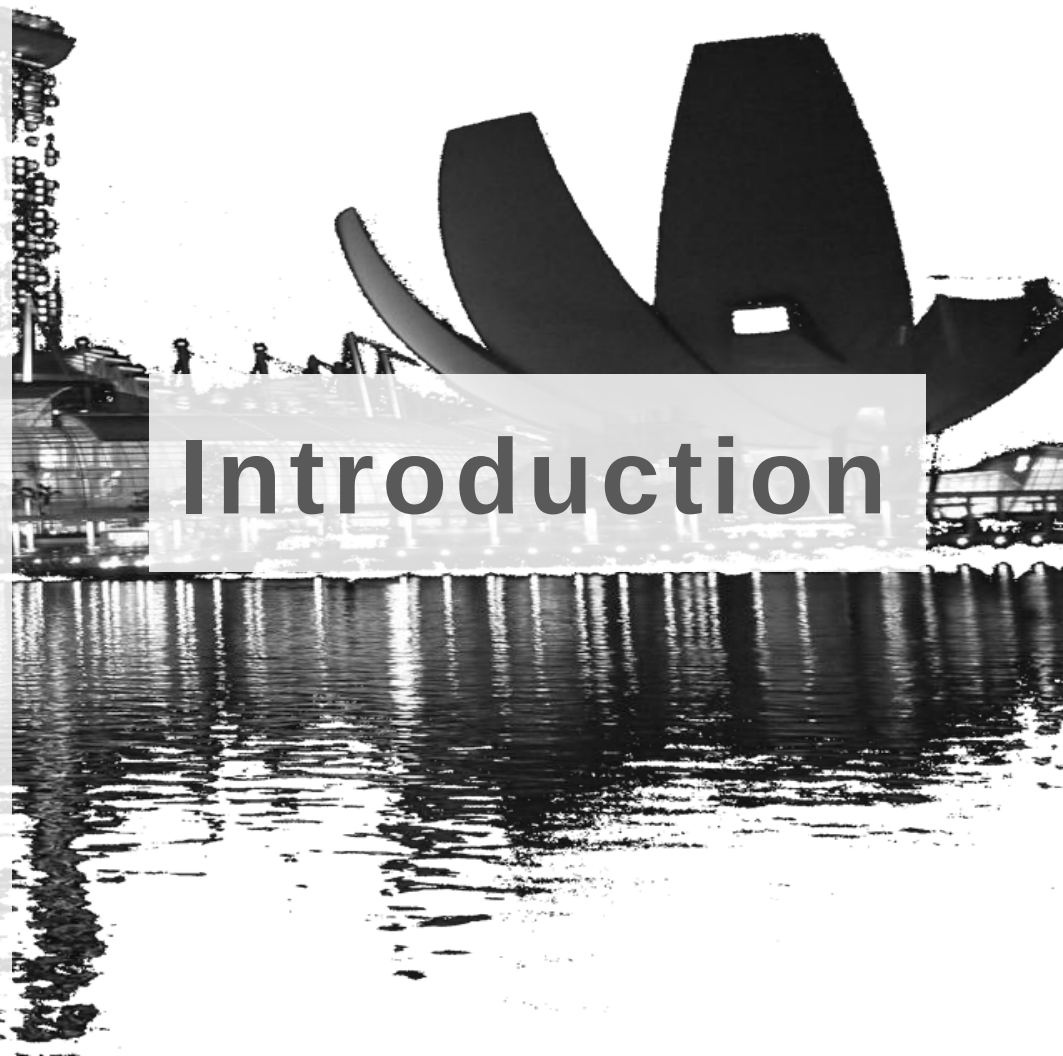
- A National Productivity Competency Centre for the services sectors
- Endorsed by National Productivity Council (NPC) and supported by SPRING Singapore, WSG, SSG and Singapore Tourism Board
- Focus on Services Sectors mainly in Lifestyle, Retail, Food and Hospitality

SPRING singapore Enabling Enterprise

Singapore Tourism Board

SKILLSFuture SG

Wsg Workforce Singapore



Introduction

Singapore

Economic is Singapore's key relevance in the international space

Why?

- One of the smallest country in the world

Continuous Economic Growth Ensuring Singapore's relevance

***What** is Economic Growth?*

- Gross Domestic Product = Value Added = EBITA + Wages

***How** to achieve?*

- Productivity Growth

Singapore

More Productive Economy

How?

- Optimising our resources of land, capital and labour towards higher valued added activities.

Approach by the Singapore Government

Regulatory Lever	Grant Assistance
Reduce businesses overreliance on labour by enhancing levies and changing employment policies on FW	Generous with “flow back” to encourage productivity improvements

Economic Restructuring

- ✓ Value Added → Profits and Wages
- ✓ Activities at Firm Level→ Efficient Processes, Productive use of inputs

Increase Productivity

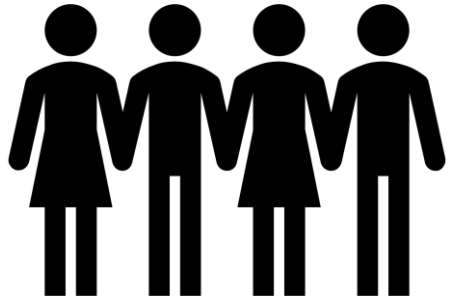
- ✓ Value Creation
- ✓ Ideas, Knowledge, New Invention, New Productivity

Boost Innovation

Economic Restructuring

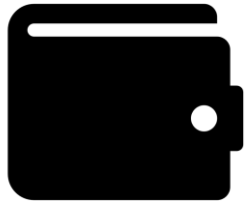
Through...

Economic Restructuring



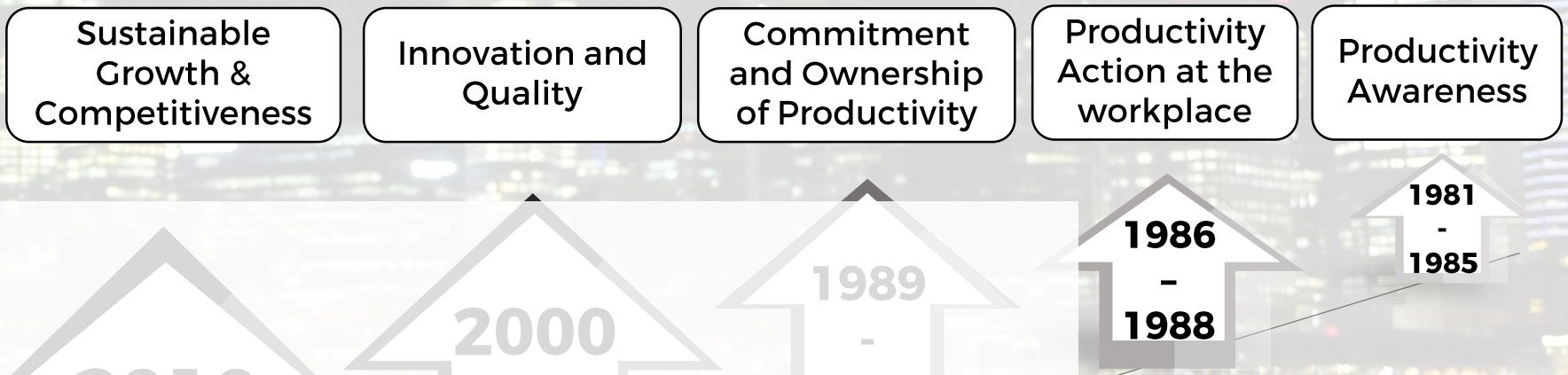
Better Jobs

Real Income Growth



Overview of Singapore Productivity Development

Productivity Movement



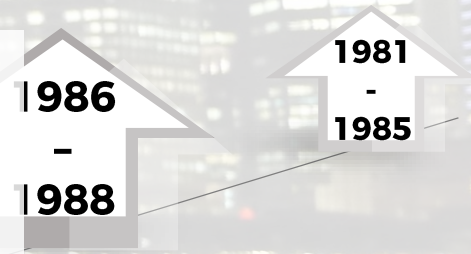
WHY?

- Tight labour market
- Need of higher wages
- Competition from neighboring developing countries
- Need to restructure the economy towards higher value added activities

Overview of Singapore Productivity Development

Productivity Movement

- Sustainable Growth & Competitiveness
- Innovation and Quality
- Commitment and Ownership of Productivity
- Productivity Action at the workplace
- Productivity Awareness



Setting up of 3 Productivity Centres

Services

Singapore Productivity Centre

Manufacturing

SiPi
SME Singapore Innovation & Productivity Institute

Construction

Building and Construction Authority
We shape a safe, high quality, sustainable and friendly built environment.

Driving Productivity Plan

Formation of National Productivity and Continuing Education Council in 2010

- To boost national efforts to step-up enterprise productivity and skills
- The council comprises members from the business community , unions and government, chaired by Deputy Prime Minster. (*Deputy Prime Minister Teo Chee Hean, Tharman)*
- Developed the first productivity roadmap for priority sectors in 2011, which includes the Retail and Food Services.
- Set-up Singapore Productivity Centre as part of the Productivity roadmap developed in 2011.

Driving Productivity Plan

Transform of National Productivity and Continuing Education Council to Council for Skills, Innovation, and Productivity in 2016

- Continued to be chaired by Deputy Prime Minister
- Developed the 2nd Productivity Roadmap for the priority sectors

Re-named to Future Economy Council in 2017

- Executing the Committee for the Future Economy (CFE) proposals, like the Industry Transformation Maps
- Chaired by Finance Minister Heng Swee Keat

Industry Transformation Map

INNOVATION

PRODUCTIVITY

JOBS & SKILLS

INTERNATIONALISATION

Good Progress Since 2010

- Higher skills in our workforce
- Growing innovative economy
- Building a distinctive global city
- Overall real productivity grew by 2.5% p.a. between 2009 and 2016
- Singapore resident unemployment rate remained low: around 3%
- Real median wage has grown by 2.6% p.a. over the same period

Industry Transformation Map

INNOVATION

PRODUCTIVITY

JOBS & SKILLS

INTERNATIONALI

But...

The divergence behind weak productivity growth

	Productivity growth per annum	
	Last five years (2011 – 2015)	Last three years (2013 – 2015)
Outward-oriented sectors	3.2%	3.2%
Domestically-oriented sectors	0.2%	-0.6%
Overall economy	1.3%	1%

NOTES:
- Productivity refers to value-added per actual hour worked.
- Growth was computed using 2010 and 2012 as the base years.
- Outward-oriented sectors refer to manufacturing, wholesale trade, transportation and storage, accommodation, information and communications, and finance and insurance. Domestically-oriented sectors refer to construction, retail trade, food and beverage services, business services and other services industries.

Source: MINISTRY OF TRADE AND INDUSTRY STRAITS TIMES GRAPHICS

Industry Transformation Map

INNOVATION

PRODUCTIVITY

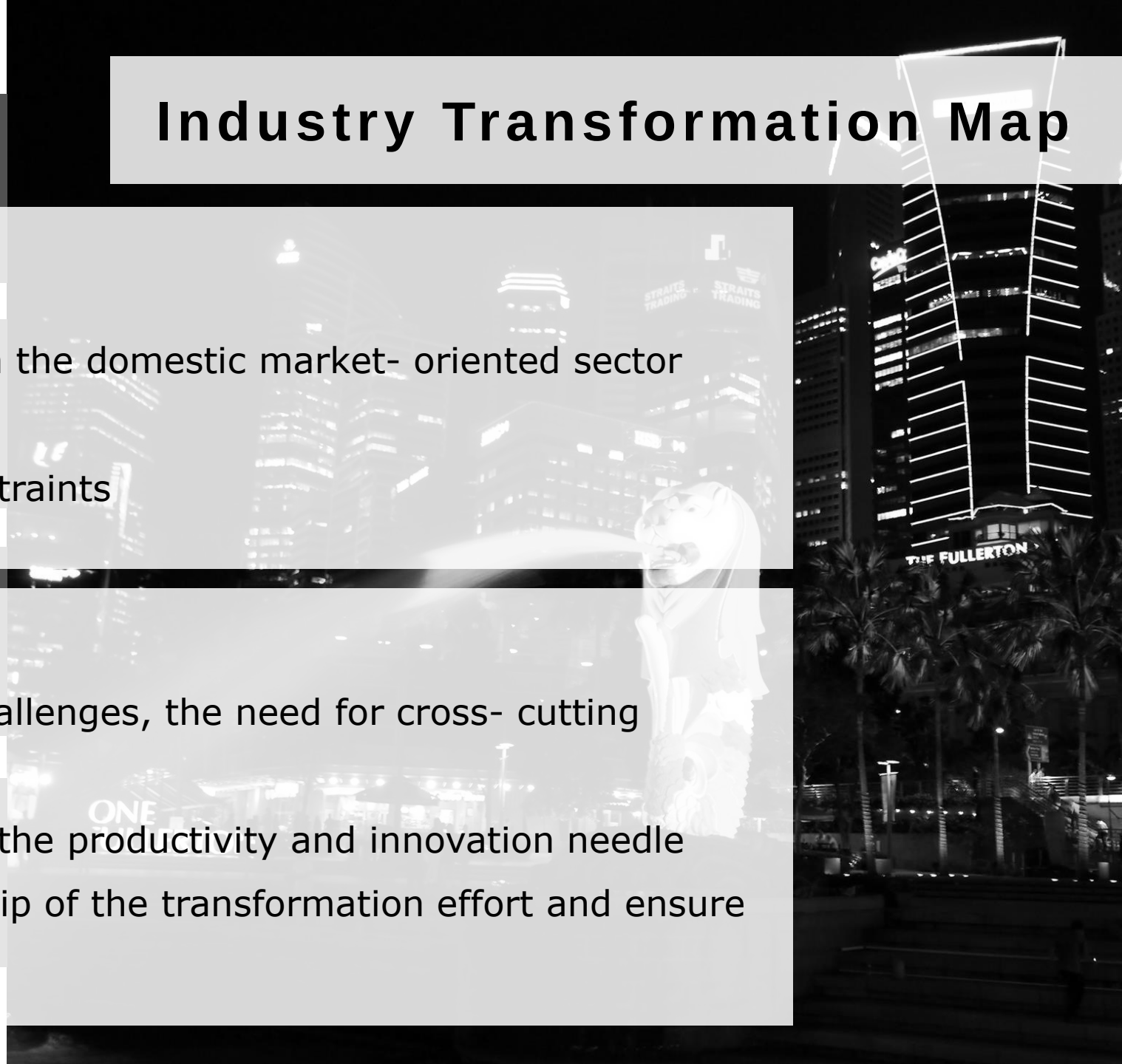
JOBS & SKILLS

INTERNATIONALISATION

External Challenges

- Evolving global:
  - Unexpected changes
  - Global growth has been soft
  - Global productivity growth has been slow
  - Global value chains are changing
- Rapid technological revolution:
  - Shortened innovation cycles
- Anti- globalisation trend:
  - Undermine international trade

Industry Transformation Map



INNOVATION

Domestic Challenges

- Progress has been slow in the domestic market- oriented sector such as Food Services
- Land and manpower constraints

PRODUCTIVITY

JOBS & SKILLS

The Need for Transformation

- Increase complexity of challenges, the need for cross- cutting solutions
- Strategies that can move the productivity and innovation needle
- Everyone to take ownership of the transformation effort and ensure sustainability

INTERNATIONALISATION

Industry Transformation Map

INNOVATION

PRODUCTIVITY

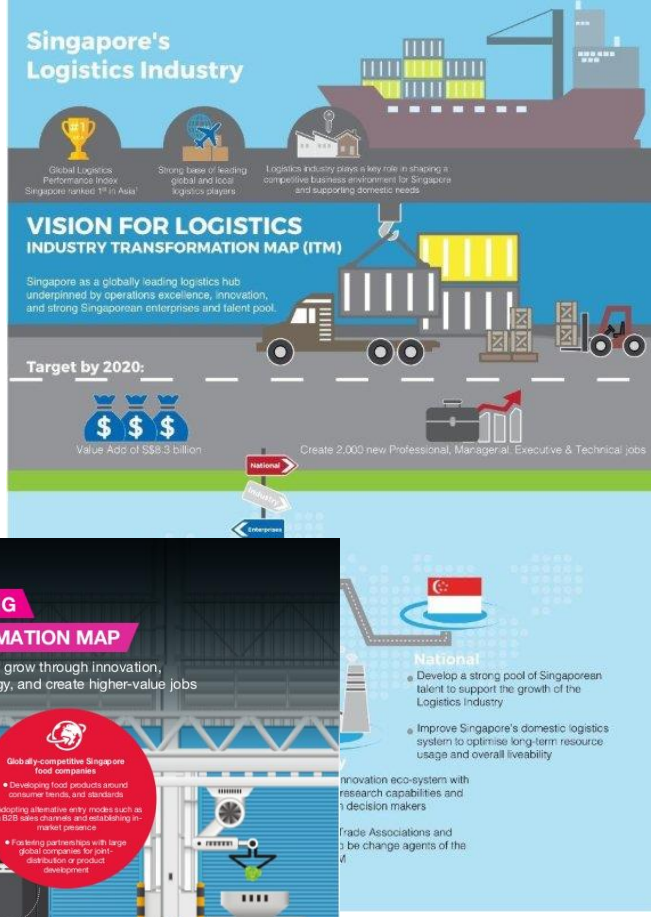
JOBS & SKILLS

INTERNATIONALISATION

- Total of 23 industries will have ITM developed
- S$4.5 billion were allocated to address issues faced by the 23 industries
- Foster stronger partnership between Government, firms, industries, trade associations and chambers

MANUFACTURING	BUILT ENVIRONMENT	TRADE & CONNECTIVITY	ESSENTIAL DOMESTIC SERVICES	MODERN SERVICES	LIFESTYLE
☑ Precision Engineering	☐ Construction	☐ Wholesale Trade	☐ Healthcare	☐ Professional services	☑ Food Manufacturing
☐ Energy & Chemicals	☐ Real Estate	☐ Land Transport	☐ Education	☐ Financial Services	☑ Food Services
☐ Marine & Offshore	☐ Security	☐ Sea Transport		☐ ICT and Media	☑ Hotels
☐ Electronics	☐ Environmental Services	☑ Air Transport			☑ Retail
☐ Aerospace		☑ Logistics			

Industry Transformation Map



Industry Transformation Map

MANUFACTURING	BUILT ENVIRONMENT	TRADE & CONNECTIVITY	ESSENTIAL DOMESTIC SERVICES	MODERN SERVICES	LIFESTYLE
Precision Engineering	Construction	Wholesale Trade	Healthcare	Professional services	Food Manufacturing
Energy & Chemicals	Real Estate	Land Transport	Education	Financial Services	Food Services
Marine & Offshore	Security	Sea Transport		ICT and Media	Hotels
		Air Transport			
		Logistics			

PRODUCTIVITY

Strategies to support companies, especially SMEs to move to higher value-added activities and raise operational efficiency

JOBS & SKILLS

Investing in our people, equipping them with deep skills to support the shift to greater value creation and emerging skills

SMEs

INNOVATION

Strategies to leverage R&D to develop new products and services

INTERNATIONALISATION

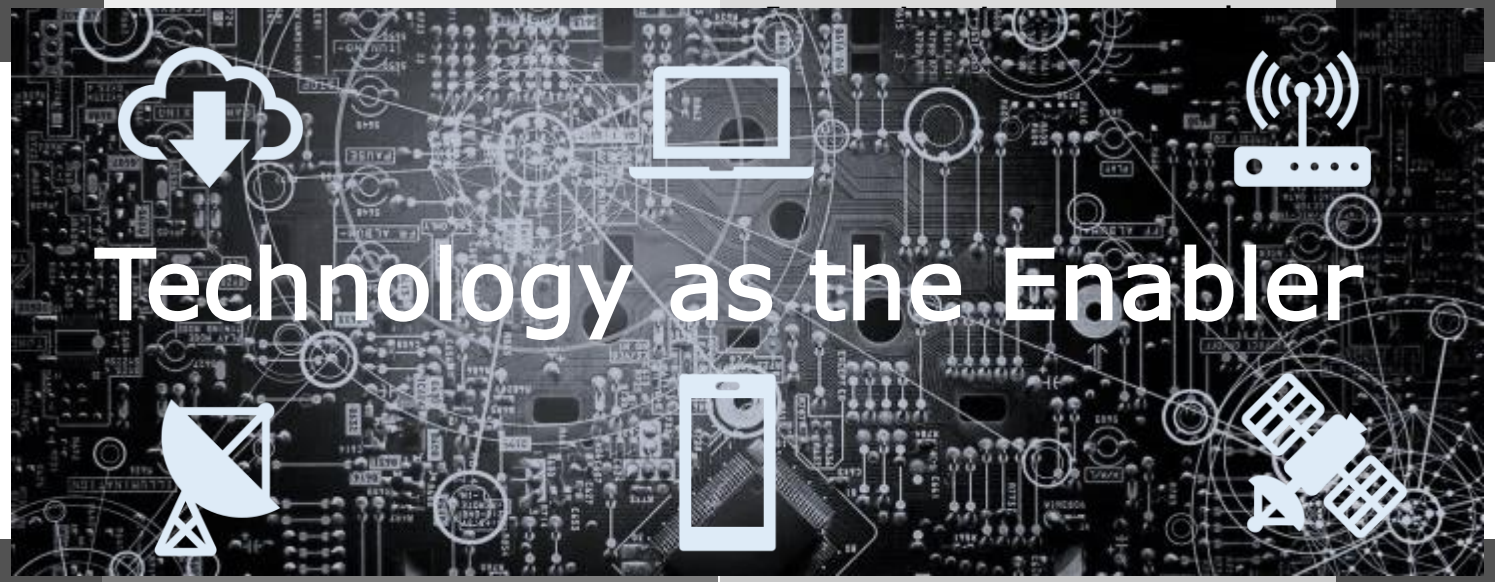
Supporting companies to expand to overseas markets

Industry Transformation Map

MANUFACTURING	BUILT ENVIRONMENT	TRADE & CONNECTIVITY	ESSENTIAL DOMESTIC SERVICES	MODERN SERVICES	LIFESTYLE
Precision Engineering	Construction	Wholesale Trade	Healthcare	Professional services	Food Manufacturing
Energy & Chemicals	Real Estate	Land Transport	Education	Financial Services	Food Services
Marine & Offshore	Security	Sea Transport		ICT and Media	Hotels
		Air Transport			
		Logistics			

PRODUCTIVITY

JOBS & SKILLS



INNOVATION

INTERNATIONALISATION

Support by the Singapore Government

INNOVATION

PRODUCTIVITY

SPRING singapore
Enabling Enterprise

& SKILLS

Singapore TOURISM BOARD

SKILLSFuture SG

INTERNATIONALISATION

Wsg Workforce Singapore

Singapore Government
Integrity · Service · Excellence

Capability Development Grant by SPRING
-Up to 70% support for SMEs to build business capabilities in 10 areas

Productivity & Innovation Credit by IRAS
-400% Tax deductions up to $400,000 or 60% cash pay out up to $100,000 for investment in Innovation and Productivity

Market Readiness Assistance by IE Singapore
-Up to 70% support for overseas expansion activities.

Support by the Singapore Government

INNOVATION

PRODUCTIVITY

JOBS & SKILLS

INTERNATIONALISATION

Capability Development Grant by SPRING
-Up to 70% support for SMEs to build business capabilities in 10 areas

Objectives

- To support SMEs in capability upgrading to compete and grow locally and globally
- Defray up to 70% of qualifying project costs* in upgrading capabilities in 10 development areas

10 Supportable Areas

Thank you

Embracing new realities and new opportunities

Building innovative and nimble business