

## Enhancing productivity

What key challenges and obstacles need to be overcome in Singapore's drive to raise productivity? What other steps can the government take and what incentives can it offer to help local firms improve their productivity?

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GROWTH is two pronged - internally and externally driven. Internally, in SME context, the new foreign labour policy poses a real challenge in productivity measures where growth is restrained by human resources. It is of critical importance to actively engage the core team of talent within an organisation and align directions with the management in an effort to think creatively in driving productivity. Having the right unanimous mind-set within the core team is essential in overcoming shortage of resources.

Externally, domestic consumerism is limited and land is scarce. Creating new markets outside our island is necessary for growth to materialise and thereby greater motivation is needed to raise productivity so as to meet demand. Getting out of our comfort zone is no longer an option, but a move is needed for sustainability of business.

Existing incentives from the government are aplenty, and perhaps the lower-than-ideal take-up rate for these incentives serves as an alarm bell to rethink and review the qualifications for SMEs to be eligible. Greater flexibility and accessibility of support schemes will encourage SMEs to explore different practices.

Identifying different sectors on a micro level and offering specialised support tailored to address specific needs could possibly help. Consolidation (via mergers and takeovers) is still one key way to enhance productivity among smaller local firms. Not only should the government offer incentives for amalgamation, but government-linked companies should also actively participate in such programmes. This would open the way for more buy-in of the idea of consolidation.