

Business lobby groups need to look beyond cost-cutting

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As the world becomes increasingly knowledge-driven, the need for transformation in the way Singapore's industries, enterprises and workers operate has become more urgent than ever.

Smaller companies, in particular, must recognise that acquiring the latest skills and capabilities is a must in being able to compete for business in the higher-tech global production value chains.

This ability to digitalise and innovate through applying data analytics, for example, is critical for managing business costs.

Simply put, these are the rules of the game prevailing in international markets.

And there is another backdrop: The need for Singapore's smaller companies to go international comes amid rapidly increasing government expenditure on healthcare, education, housing and transport. While the recent Budget had measures to ease short-term pain that companies are experiencing, and cushion employees' cost of living stresses, ultimately more sustainable

remedies are called for to ensure business survival and employment.

One way is for companies to deepen regional business linkages, with new opportunities springing up in that area. Indeed, the bottom-up approach in trade and investment, such as China's One-Belt One-Road strategy, is happening at a faster pace than regional or bilateral free trade agreements.

Government-to-government agreement on sub-national economic development, public-private sector participation (PPP) in infrastructure and project-specific engagements are on the rise. Small companies can form alliances as business groupings to seize these new opportunities.

They can also tap the Government's array of business initiatives, which at the very least will help to open those all-important doors abroad. One recent initiative is the Industry Transformation Maps (ITMs), which acknowledge that transformation requires a targeted, not one-size-fits-all approach.

ITMs are one of the seven strategies articulated in the Committee on the Future Economy Report. These sectoral upgrading plans are part of the Industry Transformation Programme (ITP) to assist Singapore's industries to

grow, developed for 23 sectors in total which together account for 80 per cent of the nation's GDP.

But to help achieve this much-needed transformation, beyond organic regional link-ups and government initiatives, there is another issue to address.

How can trade associations and business chambers better serve their members?

LOOK BEYOND COST-CUTTING

One way is to be more forward-looking.

The traditional role of trade associations and business chambers has been that of business pressure groups, which has involved lobbying the Government for lower corporate income tax and to extend financial grants, short-term business reliefs and incentives. However, such a traditional role focused on expressing cost-cutting concerns is now less useful in today's fast-changing business climate.

Worse, given the associations' large representation, their guarding of their own sectional interests risks losing sight of the big picture – which includes the need for companies to deepen and diversify their global connectivity.

Sure, to that end, there is plenty of government help out there. Apart from feedback units, grants and substantive help are also on tap

from agencies such as Spring Singapore, International Enterprise Singapore, National Environment Agency, Singapore Tourism Board, Economic Development Board and Building and Construction Authority.

Their terms of reference include ensuring competitive business operations and a healthy business environment.

However, amid all this, it is important that business community leaders must not echo the dependency syndrome of some small and medium-sized enterprises (SMEs), which have claimed that the Budget this year is merely "frying overnight rice" (that is, recycling the same solution), even as financial subsidies and cost-cushioning packages amounting to billions of dollars are allocated to help relieve short-term pain.

The trade associations and business chambers must look beyond the short term to strategic business survival plans so their member companies can be nimble and master external challenges in order to seize emerging regional opportunities.

It begs the question: Are the cost-cutting concerns raised by trade associations and business chambers backed by evidence-based studies by industry that encompass rentals, wages,

foreign manpower levies as well as government fees and charges, less subsidies? Or are these narratives simply reflecting wish lists gathered during the annual business feedback exercise prior to the budgetary statements?

In fact, new niche business groupings can even be formed voluntarily, perhaps setting up their own Enterprise Future initiative to build a culture of shared responsibility, taking ownership of new initiatives and sharing the latest market information.

There are already a number of informal but regular social gatherings of like-minded, young and highly entrepreneurial business individuals who are ready to share business skills and business opportunities, and lobby the Government to repeal outdated business policies, unfair business restrictions and unsound business practices.

AGENCIES AND THE NEW KIDS

Government agencies ought to set up "windows" to listen to these new groupings directly, in addition to the existing channels of the trade associations and business chambers, which can be quite large, complex and bureaucratic at times.

A group of designated government officials could also be

identified and made available for a bottom-up approach involving meeting these business groupings to gain a better sense of the mood on the ground.

They might find that the needs of these groupings are less demanding of government assistance, and that the issues that surface might be rather different from conventional ones articulated by the trade associations and business chambers.

This more nimble, direct approach will all assist with the big picture need for SMEs to make longer-term transformation change.

Singapore's economy cannot rely on simply growing manpower.

Neither can Singapore be overdependent on multinational corporations. To enter a new mode of economic growth and meet challenges posed by the revolutionary fourth industrial change, more innovative business models, new technology adoptions and higher productivity are needed.

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