

Singapore Perspectives Conference 2021: Reset Business in Singapore

By Shazly ZAIN

The tenth forum of the Singapore Perspectives 2021 explored the theme of [“Business in Singapore 2030”](#). This forum took place on the final day of the conference, which had both an in-person and online audience. The panel consisted of Mr Ang Yuit, founder and Managing Director of Inginim Pte Ltd. and Vice President of Strategies, Development and Digitalisation at the Association of Small & Medium Enterprises; Ms Aw Kah Peng, Chairman of Shell Companies in Singapore; and Mr Louis Lim, Chief Operating Officer and incoming Chief Executive Officer of Keppel Land. The session was moderated by Mr Christopher Gee, Senior Research Fellow and Head of the Governance and Economy Department at IPS. The panel covered key themes such as leadership, collaboration, sustainability and cost management, considering how these may develop over the coming decade.



Caption for photo: Mr Christopher Gee (left) opens the session on “Business in Singapore 2030”.

Leadership

The session opened with a discussion on leadership in Singapore. In the preceding forums, Singapore had been described as a good and fast follower but not a first mover. Questions arose about the ability and necessity of Singaporean businesses to bear the responsibility of being a first mover.

Ms Aw started the discussion by recognising the temptation to characterise formulas for success. Fast followers and first movers both have advantages and varied paths to success. Ms Aw also shared how the energy sector, with decades of development in its systems and operations, was now being disrupted with issues such as climate change. Major energy giants face questions regarding the means to not only be a part of the disruption process but to also thrive in this process. Ms Aw pointed out that while we recognise the disruptions occurring in systems and industries today, it is difficult to comprehend the potential changes and developments in new systems and industries of tomorrow. She shared the example of Greenlots, an energy company founded in Singapore that focused on renewable energy and electric vehicles and charging infrastructure. Greenlots originated in Singapore, but the company quickly went to California to tap opportunities there at the time. Businesses need to seek such opportunities, she said — be it in Singapore or elsewhere — to scale up their businesses. Therefore, the question should not be about being a fast follower or first mover, but rather to recognise the disruption and how businesses can find opportunities in those disruptions. Businesses will need to be agile and focus not just on the “what” of business activities but also the “why”, she added.

Next, Mr Lim challenged the notion that Singaporean businesses have not been leaders or first movers. Keppel, for example, represented Singapore’s leadership in the offshore and marine sector in the 1980s. During the same period, Keppel moved into China and Vietnam as they saw opportunities there. Today, these two countries along with several other Asian countries contribute greatly to Keppel’s revenue. Mr Lim said the first mover mentality has been a part of the Singapore business DNA but wondered if this mentality has been sustained. There are still good ideas, he said, but it is a question of the available talent pool and systems in place to allow these ideas to take off. He believed Singapore still has a culture of entrepreneurship, referring to businesses like Grab (originally from Malaysia) which have come to Singapore and become very successful. He also shared concerns about the reinvention of long-standing corporations to find new opportunities in today’s landscape. Mr Lim highlighted three topics relating to business leadership: digitalisation, sustainability, and platforms. He suggested that businesses had to deepen themselves in these three spaces.

From a small & medium enterprise (SME) perspective, Mr Ang shared the reality that very few SMEs could make it big. Most SMEs are focused on making a living, innovating and performing well within Singapore. Mr Ang also shared that while ecosystems are important, views should not be focused on “how to make businesses big”. There are companies that are engineered for eventual expansion, but by and large SMEs are geared towards stability and decent income, he said. Therefore, ecosystems should provide opportunities for SMEs to both be stable and grow if they want to. Mr Ang also considered the role of the government in providing grants and initiatives such as the Industry Transformation Maps (ITMs). As a leader, the government seeks to promote innovation among SMEs, and Mr Ang described this as a noble endeavour. However, while SMEs are the recipients of such policies, they may not receive the full benefits of such initiatives. Additionally, Mr Ang described how policies and policy implementation are two different concepts. As grants and initiatives involve taxpayer’s dollars, caution is necessary. However, over-caution and bureaucracy may inhibit SMEs’ abilities to innovate and dampen the effectiveness of policies. Mr Ang noted the need to better translate goals set out by leadership into effective policies and implementation on the ground level.

Partnerships

Ms Aw stated the need for cooperation between governments and businesses, especially during this time of economic uncertainty and disruption. She described how COVID-19 impacted everyone, and that there is immediate feedback from the action or inaction when tackling the pandemic. She contrasted the pandemic with climate change, a global challenge that is equally complex but where feedback is not immediate. As such, governments such as the one in Singapore need to think about the long term. Ms Aw suggested that conversations and eventually, partnerships between institutions including people in general that can think about the future, are important in achieving this. Ms Aw also suggested that the identity of “change makers”, those who initiate and lead these conversations, is moot. Businesses and governments are heterogeneous with differing views and capacities in their respective industries. Multinational corporations such as Shell are in the position to have these conversations, and she stressed that they want and are ready to do so. Ms Aw believed that Singapore’s government was also ready for these conversations.

Mr Lim spoke about the importance of all stakeholders in the business ecosystem. Governments should not be expected to lead all conversations or initiatives; businesses need to have a role in lobbying the government where necessary. He shared the successes of Keppel’s collaboration with the Singapore government. Through this partnership, projects such as Singapore-Suzhou Industrial Park gave greater access to the Chinese market for Keppel. These projects were platforms Keppel used for new developments, including urban solutions and city infrastructure.

Mr Ang shared that in conversations with various SMEs, many felt that the challenges they face are beyond their control. He said SMEs were fully capable of innovating and collaborating more deeply with one another. He observed that in Singaporean businesses, the nature of collaborative spirit was not very strong. This may have been an unintended consequence of competitiveness in schools, which has translated into post-education life. Mr Ang raised the need for Singaporean businesses to venture overseas and “hunt in packs”. Collaborating with other SMEs, larger enterprises, and government-linked companies (GLCs) would create better opportunities for Singaporean businesses to grow. Interestingly, conversations with younger Singaporeans have raised concerns over being too comfortable in Singapore. Mr Ang hoped that the spirit of enterprise and venturing abroad would be instilled among Singaporeans and businesses again.

On the topic of the relationship between Singaporean businesses and foreign labour, Mr Ang shared that the challenge for SMEs and foreign labour began in 2011 with the tightening of the foreign worker quotas and levies. SMEs have since been trying to adapt, increasing productivity and upskilling existing labour. Some of the challenges faced by SMEs include upskilling or reskilling and, more importantly, the retention of these newly trained workers. While retraining was designed to improve productivity, some SMEs get stuck with the cost of training, as work pass renewals are not guaranteed. The constant need to retrain new workers can cause training costs to balloon. Mr Ang suggested the need for the economy to find an equilibrium of having the right amount of foreign labour and the right amount of automation and productivity.

COVID-19 also caused many SMEs to transform, at times overnight. Some SMEs are still dealing with this restructuring process. Mr Ang shared that retail SMEs were not expecting good performance in 2021 despite the F&B sector's recovery. There was an opportunity to examine the deployment of local labour versus foreign labour, to orientate and transform the business and have a more optimal usage of manpower in a way that is sustainable for Singapore. Mr Ang also shared that many SMEs were outsourcing and offshoring business activities because of the pandemic.

Mr Lim raised the question of reducing reliance on foreign labour. He stated the reality that roles filled by foreign labour would not be done so by locals. However, the pandemic has raised awareness of the living conditions faced by many migrant workers. He expected costs to go up especially if there was to be greater demand for better living conditions for migrant workers.

According to Ms Aw, COVID-19 has given us the opportunity to examine what has and has not worked in the system. She shared that while most Shell employees were locals, the company was heavily dependent on a set of contractors and supporting industries that hired many foreign workers. Over the last few decades, Shell has realised that the supporting industries which MNCs in Singapore depend on are not at the right level of skill and productivity as compared with similar supporting industries found elsewhere. To better understand the system that supporting industries utilise in hiring foreign workers and better care for them, Shell had begun to examine issues pertaining to migrant workers. Issues such as transportation, housing and recruitment have caused Shell to adjust and create a supporting industry in the future that is both economically viable and fair to workers.

Ms Aw also described the need for co-leadership on these issues. It is tempting to ask governments to lead the issue, but large companies are also major users of foreign workers. Stakeholders need to be in the same room and have a clear desire to not only deliberate but also have concrete and actionable steps to adjust the ecosystems in which businesses, workers and government operate.

Cost Management

Mr Ang noted the importance of cost management in Singapore in ensuring businesses continue to thrive here. Cost is an innovation dampener. With Singapore being one of the most expensive locations to do business, SMEs are struggling to manage costs and, at the same time, innovate. Many SMEs face the cyclical prospect of living hand to mouth. Mr Ang suggested that the business ecosystem examine cost structures to create a system, which manages costs fairly and at the same time allows businesses to innovate.

Ms Aw agreed with the sentiments of cost management and asked who was in the best position to understand system costs and impact. Speaking about Singapore's Industry Transformation Maps, she also asked who would be best placed to understand externalities such as inequalities and actions that will be faced in the future. In her opinion, governments are in a better place to understand these issues rather than companies. It is important to understand the outcomes of industry transformation and the consequences of not successfully doing so.

Discussion and Q&A

Mr Lim described innovation as a buzzword that has been going around for a while. Internally, Keppel has avenues to generate and develop new ideas, with its innovation philosophy of looking at existing business activities and how new ideas can add on to Keppel's strengths. For example, Keppel's recent foray into sustainability has allowed the company to develop zero energy buildings, which tap its existing capabilities in building management. There is potential for Keppel to use their newfound expertise and expand further overseas. Mr Lim also raised concerns about the "not invented here" syndrome and for businesses to not limit themselves geographically and pursue opportunities wherever they are present. Mr Ang believes innovation needs to be accompanied by hard skills. Dreaming is possible but execution is necessary. He expressed concerns that upskilling or reskilling in Singapore was very regimental and siloed. SkillsFuture and WSG for example are good initiatives but are often inflexible, locked into vertical silos. The thing about innovation when paired with skills is that it helps cross boundaries. He called for a spirit of adaptability among Singaporeans. Mr Ang also shared experiences faced by SMEs when pursuing training programmes and its strict requirements and utilisation. These create situations where individual SMEs must navigate and figure out how to best utilise training initiatives, instead of a more organic and efficient relationship between business needs and training solutions.

A question was also posed regarding businesses' reaction to Singapore not being as "low tax" as it previously was, considering COVID-19 and the various fiscal policies being implemented. Ms Aw dispelled the notion that it is only low tax that attracts businesses. Singapore's tax regime is well regarded due to its certainty and the interaction between businesses and authorities. Both businesses and governments are committed to delivering on their promises and have meaningful conversations on relevant issues. Two years ago, Shell began publishing a transparency report on the company's tax payables. The Singapore government reacted well to the reports and have embraced such transparency.

Questions were raised about Singapore's ability to have a mindset shift away from being a good follower towards being a leader. Ms Aw believes Singapore can be a leader, but many changes will be needed, with respect to reaction to failures, leadership styles and philosophy. She hopes that Singaporeans will have the confidence to take their ideas and make actionable steps to realise their ideas. It is also important for Singapore to be honest with itself regarding the changes needed, to talk about these changes, and to change. Adding on, Mr Lim described Keppel's ventures into Israel and the latter's appeal. Governments, universities, venture capital and corporates were all involved in creating the Israeli ecosystem that harnesses talent and promotes innovation. Mr Lim also noted that many in Singapore do not want to step outside their "boxes", some because of comfort but many out of fear of repercussions. Mr Ang suggested deepening existing Key Performance Indicators (KPIs) that are used to regulate some of Singapore's initiatives, to organically creating an innovative ecosystem.

On the theme of prosperity and progress in 2030, Mr Ang shared that Singapore has shifted from a foreign investment-oriented economy in the 1960s to an economy that values innovation, entrepreneurship and SMEs. Going forward, he hopes to see a great partnership between GLCs and SMEs as both co-create and hunt as a pack. There are valuable lessons to be learnt by both parties from each other. To support this partnership, government procurement policies that facilitate the vibrancy and growth of local enterprises are needed.

He also hoped for a deepening of KPIs to focus on measuring the real effects of policies and initiatives with outcomes in mind. Mr Lim, meanwhile, hoped that Singapore would move towards a liveable city that can attract the best talent and companies, with the ecosystem to enable this vision. Agility and innovation will be needed over the next 10 years to actualise this future. There was collective agreement that future developments, be it energy transition, sustainability, or digitalisation, would facilitate focused investments and efforts. Ms Aw expressed excitement over the potential seen today, sharing her belief that Singapore would thrive in the energy transition. Singapore has all the reasons to be successful and, in some way, COVID-19 has opened Singaporeans' mind to new opportunities and thinking.

Shazly Zain is a Research Assistant at the IPS Governance and Economy Department.

**IPS is grateful to the following organisations for their support of
IPS and Singapore Perspectives 2021:**



**TAN EAN KIAM
FOUNDATION**



OUE

**Energy Market Authority
EY
Housing & Development Board
Institute of Technical Education
Keppel Corporation
Khong Guan Biscuit Factory (S) Pte Ltd
Majlis Ugama Islam Singapura
Maritime and Port Authority of Singapore
Nanyang Polytechnic
National University of Singapore**

**Ngee Ann Polytechnic
Pontiac Land Group
PSA International
Republic Polytechnic
Singapore Institute of Technology
Singapore University of Social Sciences
Sport Singapore
Temasek International
The Silent Foundation
Urban Redevelopment Authority**

If you have comments or feedback, please email ips.update@nus.edu.sg



© Copyright 2021 National University of Singapore. All Rights Reserved.
You are welcome to reproduce this material for non-commercial purposes and please ensure you cite the source when doing so.