

# Present(ing) Futures



## **2Ps: PEOPLE, PLACE**

### **Summary**

Traditionally, Singapore's economic growth model has largely been centered around externally-oriented sectors such as trade and attracting multinational companies (MNCs) and large government-linked companies (GLCs). Yet this economic model might be threatened in the coming decades. In looking to develop the domestically-oriented sector dominated by local small medium enterprises, the government has been encouraging entrepreneurship and innovation through grants and subsidies. To tighten and enhance the ecosystem of entrepreneurship, we have to rethink our institutional structures and observe the nuances that we can potentially change. Hence, we propose a two-pronged approach with 2 'P's – People and Place. The first 'P', People, refers to the cultivation of values and mindsets that are fundamental to entrepreneurship and creativity – in both education and the workforce. The second 'P', Place, proposes how the urban space occupied by incubators can be reinvented and more inclusive. Thereafter, we conclude by exploring the missing link of another stakeholder, namely parents, in the narrative of entrepreneurship and innovation.

## Introduction

Singapore's current economic model has left a mark for Singapore on the world stage as the global financial hub, a secure maritime port, and an accessible link to Southeast Asia - all in a short span of 50 years.

Yet such remarkable economic progress has come at a price of an innovative society. Even though the 21st century has seen Singapore progress from a manufacturing to a knowledge economy, our society has unfortunately and alarmingly stagnated at the mindset that befitted the previous economy of specialization and production.

Given the nature of Singapore's small and open economy, Singapore always had a competitive export dominated sector driven by foreign companies and a less competitive domestically oriented sector comprised of mainly small local companies<sup>1</sup>. The larger share of labour compared to its contribution to GDP lowers the overall labour productivity of the traditionally underperforming domestically-oriented sector<sup>2</sup>. As such, Singapore is largely reliant on multinational corporations (MNCs) and large government-linked companies (GLCs) for economic growth<sup>3</sup>. Such an economic growth model has its disadvantages due to the rising dissent of the local population towards competition introduced by foreign talent and the disproportionate amount of profits repatriated back to the MNCs' home countries. Hence, Singapore only incurs the remaining benefit of job provision.

Moreover, Singapore stands to lose its favourable spot as a trading port with the melting ice caps potentially opening up a shorter Arctic trade route along Russia<sup>4</sup>. As a result, trade and cargo traffic might be reduced. With the potential decline in such externally-oriented sectors, Singapore's internal economy requires more attention and resources to remain economically competitive and sustainable. As a developed economy with human capital as our biggest resource, long-term sustainability is tied to local labour productivity growth<sup>5</sup>. Innovation is key to solving the productivity challenge, given that many small domestic enterprises lag far behind in new ways of conducting business<sup>6</sup>.

While the government has significantly encouraged entrepreneurship (through increased access to finance, development of human resources and the internationalisation of SMEs' operations<sup>7</sup>), several indirect obstacles are preventing a more rapid growth of entrepreneurship.

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<sup>1</sup> Lee Kuan Yew School of Public Policy, *Singapore's Productivity Challenge: A historical perspective*, p33

<sup>2</sup> *ibid*

<sup>3</sup> OECD. *Southeast Asian Economic Outlook 2013: With Perspectives - Singapore* (OECD, 2013).

<sup>4</sup> Eco-Business. *Ice Melt Opens Arctic Trade Routes: Impact on Singapore* (Eco-Business, 2016).

<sup>5</sup> Lee Kuan Yew School of Public Policy, *Singapore's Productivity Challenge: A historical perspective*, p31

<sup>6</sup> MTI, *Report of the Economic Review Committee*, February 2003, p131

<sup>7</sup> *Ibid*

Albert Einstein once said, “Innovation is not the product of logical thought, although the result is tied to logical structure”. Our hope is that our approach to innovation would expand room for maneuvering, risk-taking and failure. Our solutions target the pressing problem of innovation in Singapore from a two- pronged approach- People and Place.

## Solutions

### (i) People

While Singapore has good intentions in encouraging innovation through professional grants and special programmes in schools, the structures and institutions governing these initiatives counteract their effectiveness. Traditional education structures and business environments prioritise skills that contradict innovation, discouraging risk-taking and creativity required to embrace the innovation process.

The classroom environment should be made more conducive for idea generation, discussion and critical thinking. The ex-Minister for Education Heng Swee Keat accurately describes the innovation process as “less about content knowledge” but “more about how to process information<sup>8</sup>. In order to nurture students who are able to connect the dots and integrate information from multiple disciplines and contexts to solve a problem, they need to develop critical thinking skills that are best honed through active discussion and exchange in the classroom. Yet the current teaching pedagogy does not facilitate that. The influence of Confucian teachings is strong in most schools that “[adhere] to obedience, respect for authority, [and] hierarchical structures<sup>9</sup>”. The caution against constructive challenge of authority figures dampens discussion and critical thought of academic content that can stifle creativity and critical thinking. As such, the teaching pedagogy in local schools must first adapt to one that encourages debate and questioning, prioritising skills like critical thinking and discourse over factual knowledge. Yale-NUS College, the first liberal arts college in Singapore, can be said to embody this spirit to a great degree of success.

The organisational culture of local firms is an important soil for creative production. As such, the government should incentivise firms to make creativity one of their employee performance KPIs to break away from the hierarchical and risk-averse mindsets that traditional firms breed. Innovation training and implementation has not been a growth strategy of local firms as a 2013 survey of 521 firms by the Singapore Chinese Chamber of Commerce and Industry and the Nanyang Technopreneurship Centre at Nanyang Technological University found that less than 50 per cent of the firms use innovation to boost productivity<sup>10</sup>. The merit based system arising from Singapore’s core values can further encourage a fear of failure or risk aversion as promotion and pay are normally attached to performance outcomes. Given the inherent link between innovation and sustained growth of organisations and the Singapore economy, the government should

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<sup>8</sup> Lim, R, *Singapore wants creativity not cramming* (BBC News May 22, 2012)

<sup>9</sup> Faizal Bin Yahya, *Creativity and innovation in Singapore economy* (Institute of Policy Studies 2014)

<sup>10</sup> Miles, G, *Is the Singapore soil fertile for creativity?* (The Straits Times July 17, 2013)

offer grants and subsidies to incentivise companies to create a more creative culture within. Switzerland is another small country in a similar position to Singapore, yet one known as a centre of innovation due to its “dual” vocational training system and high-performing and competitive manufacturing industry according to a survey by Deloitte<sup>11</sup>. The manufacturing industry in Switzerland reveals innovation to be a key contributor to their success as 50% of companies surveyed said that they were under greater pressure to innovate<sup>12</sup>. As such, Singapore should start to proactively shape the working norms and culture of the workforce towards one that accords a higher value to innovation and creativity.

## **(ii) Place**

Furthermore, Singapore should rethink the scope of promoting innovation and incubation, which has been a constant worry that can threaten our legitimacy as a developing smart nation<sup>13</sup>. Beyond looking at schemes to encourage innovation at different levels and institutions, Singapore should start looking at physical structures and layouts as avenues to promote innovation. The physical environment influences the manner and ease in which people go about daily activities and interact with one another. The re-organization of space with the intention of facilitating idea flows can have a significant impact on encouraging greater creativity amongst Singaporeans, and hopefully nurture more incubators and venture accelerators.

Singapore encourages the agglomeration of creative people and companies through designating spaces that encourage clustering. The JTC launch pad at one-north<sup>14</sup> clusters a diverse range of industries in the entrepreneurship ecosystem and a range of professional services to facilitate their work. However, the hub has a greater potential to be an emblem of innovation serving all ages through greater inclusivity to institutions independent of the entrepreneurial sphere. The success of Silicon Valley lies in the agglomeration of creative individuals and companies who live, work and play in close proximity. While Singapore does not have the problem of spatial reorganization on a large scale, perhaps a mega block modeling Silicon Valley where creative individuals can coexist in a living and working space could increase the success of innovation. Residential areas, public spaces and institutions in lower education on top of the features existing in the JTC launch pad that would define such a space.

We propose a superblock like the ones developing in Hong Kong, that contain amenities (e.g. laundry, banks) and commercial spaces (e.g. restaurants, convenience stores) alongside incubator and office spaces, tertiary institutions, research laboratories and community spaces. The idea is to have people from different sectors interacting and mingling with each other to increase the pool of ideas and knowledge that can be tapped on during the process of innovation at all levels. Making the hub a lived space will add a

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<sup>11</sup> Deloitte Consulting AG, *Innovation Reinvented: Challenges and Solutions for Switzerland's Manufacturing Industry* (2013)

<sup>12</sup> *ibid*

<sup>13</sup> Infocomm Development Authority, *Smart Nation Vision*

<sup>14</sup> JTC Launchpad @ One-north, retrieved from: <http://www.launchpad.sg/>



key dimension to inter-sectoral exchanges as there are more opportunities for formal and informal encounters when people orientate their lives around such a space. The pertinent need to encourage innovation starting from the young can be resolved through organizing field trips and mentorship arrangements where professionals and entrepreneurs working in the same superblock can conveniently cross over to the education space to share their skills and knowledge.

## Conclusion

Has Singapore's 'soil' become more fertile for creativity? In their drive towards productivity, companies in Singapore are focusing on innovation as a key strategy. However, critics argue that Asian societies such as Singapore tend to put up barriers towards adopting a more innovative culture<sup>15</sup>.

For instance, the current narrative of rethinking Singapore's education system has largely focused on the children undergoing education. Yet we are missing a key stakeholder in this narrative -- parents who have a large influence on children's mindsets and education choices. While Singapore might seem 'Western-centric' on many fronts, fundamentally, 'Asian' family-centric values still form the bedrock of Singapore's social fabric. Moreover, institutional policies such as the HDB guidelines favour close proximity to one's parents. Therefore, another crucial question arises: how are we communicating our emphasis on innovation and creativity to parents -- the previous generation who grew up in the industrial economy that was fixated with specialization? Creative subjects should not and cannot be understood with our existing mindset of quantitative metrics of scorecards, a 'one-size-fit-all' definitive solution and an emphasis of speedy efficiency.

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<sup>15</sup> Miles, G, *Is the Singapore soil fertile for creativity?* (The Straits Times July 17, 2013)