Promoting SMEs and Enhancing Labor Productivity in Singapore: A Policy Analysis

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While Singapore has been doing well in terms of cross-country per capita income comparisons and in terms of overall employment growth, it has been a laggard when it comes to labor productivity and this concern is more serious for small and medium enterprises (SMEs). In this context, this paper first identifies the sources of gross domestic product (GDP) growth and simulates different scenarios pertaining to the potential GDP which the economy can achieve given the level of required productivity based on some employment-growth assumptions. Further, the paper reevaluates the performance, challenges and opportunities for SMEs as well as suggests several policy strategies as to how SMEs can synergize and be more competitive moving forward.

Keywords: Singapore; small and medium enterprises (SMEs); labor productivity; competitiveness.

JEL Classifications: J24, L25.

1. Introduction

By most indicators, the Singapore economy has been an enormous success story. In 2013, gross domestic product (GDP) per capita adjusted by purchasing power parity for Singapore stood at US$62,427 placing it as the third highest in the world. This compared favorably to the other three East Asian newly industrialized economies (NIEs) of Hong Kong (US$52,686), Taiwan (US$39,579), and South Korea (US$33,155) which ranked 7th, 19th and 25th, respectively (IMF, 2013).

The Singaporean economy has been and still is enjoying close to full employment since the early 1970s with a broad-based expansion of the economy. Over the past three decades, more jobs were being created than the local workforce could absorb. Hence, by 2012, the foreign workforce in the country peaked at 1.2683 million, of which a quarter were blue collar employees and the remaining three quarters were white collar employees (Singapore Ministry of Manpower, 2014).

While Singapore has been doing well in terms of cross-country per capita income comparisons and in terms of overall employment growth, it has been a laggard when it
comes to labor productivity. For decades, the city state’s performance in terms of labor productivity has been a subject of contention, which underlines the need to understand the dynamics of its trends in this rather poor productivity performance. In fact, the average labor productivity of the Singapore economy over the last decade (2001–2009) relative to the United States (U.S.) stands at about 53% (see Fig. 1). The average productivity in sectors such as construction, information and communication, and hotel and restaurants are below the economy’s average at 22%, 36% and 47%, respectively.

Four sectors which are subject to international competition, viz. transport and storage, wholesale and retail trade, financial services, trade and manufacturing, tend to have productivity performances which are above the economy’s average at 79%, 71%, 64% and 56%, respectively. While productivity growth has been modest in these sectors, it is clear from the data that there is still considerable room for improvement in productivity performances. Further, the concern about modest productivity growth appears to be far more serious for small and medium enterprises (SMEs) than multinational corporations (MNCs) which compete effectively in international markets and tend to be much more efficient and well organized.

Adding to this structural concern has been the fact that Singapore was affected severely by the global financial crisis (GFC) which had a detrimental impact on productivity. Following the GFC, the government swiftly set up the Economic Strategies Committee (ESC) to examine issues at stake, identify problems and make policy recommendations to boost productivity. To be sure, the ESC (2010) suggested the following initiatives to enhance productivity:

Achieving 2–3% growth per year in productivity — which would raise our productivity by one third over the next 10 years — will

Figure 1. Singapore’s average labor productivity relative to the U.S.
require a major, qualitative transformation of our economy. It cannot be done in one move, and the results will take time to materialize, but we have to start now and vigorously pursue changes in the following key areas: Deepen skills and expertise within every sector of our economy; restructure our economy, to provide more room for rapidly growing and more efficient enterprises; expand abroad and capture new growth activities in order to grow high-value added activities in Singapore (p. 5).

In view of the uphill task in driving productivity, the Singapore Business Federation (SBF) proposed to lower the annual national productivity target from 2% to 3% range to 1–2% range (see Singapore Business Federation, 2012, p. 12). The SBF pointed out that Singapore’s economy, having been subject to decades of upgrading, is near the peak of its efficiency and productivity performance and would therefore find it difficult to raise productivity by a significant margin. However, we think such a comment is at variance with facts. In fact, businesses may be too quick to push the panic button, give up too easily in the productivity drive and treat the productivity concept too simply (see Tan and Tan, 2012). Problems of low productivity, especially those of SMEs tend to be structural in nature, with business activities fluctuating over business cycles and having long gestation periods in up-skill programs. Thus productivity enhancements need time to be carried through and cannot be achieved overnight. In fact the national annual productivity target of 2–3% range set by ESC is meant to be achieved over the decade by 2020. So how likely are we to achieve the longer-term annual national productivity target then?

In Sec. 2, we try to conjecture the root causes of poor productivity performance especially since 2000 when the growth of foreign workforce accelerated in the midst of a resilient economy growing close to the potential GDP growth rate of 5.5% between 1998 and 2008. We shall also appraise the core strategies of enhancing international competitiveness through examining the wages-productivity-competitiveness (WPC) nexus. In Sec. 3, we identify the sources of GDP growth and simulate with optimistic, pessimistic and baseline scenarios pertaining to Singapore’s potential GDP which the economy can achieve given the level of productivity required, based on three employment-growth assumptions. Considering that low labor productivity in Singapore is a phenomenon particular to SMEs, Sec. 4 re-evaluates the performance, challenges and opportunities for SMEs. We also suggest several policy strategies as to how SMEs can synergize and be more competitive. The final section concludes the paper.

2. Enhancing International Competitiveness Through Wages-Productivity-Competitiveness (WPC) Nexus

Productivity improvement is paramount to Singapore’s future economic competitiveness. This is especially so in light of an ageing population and limited increases to
factors of production such as land, capital and labor which Singapore is experiencing. Productivity gains enable an economy to produce more goods and services using the same amount of inputs and are the only route to quality and sustainable economic development in the long-run. It requires the monitoring and improvement of national productivity capabilities in order to ensure higher and sustainable wage growth through strengthening the supply side of the economy.

Lim (2012a) put forward a “Shock Therapy Proposal” (STP) intended to close the widening income gap in Singapore and reduce its dependence on foreign workers, consequently also inducing an enhancement in the productivity of local workforce. His main proposal has been for those earning below US$1500 a month to get a pay rise of 15% in the first year, a further 15% in the second year and another 20% rise in the third year of the restructuring. Over the same period, his plan has called for a wage freeze for those earning above US$15,000 a month. Those people falling in between would get an annual pay rise of around 4–5%. In defending this drastic round of wage restructuring in Singapore, Lim (2012a) argued that the first round of the high wage policy in restructuring the Singapore economy from 1979 to 1981 had been quite successful which formed the basis for this second round of restructuring. However, other analysts have pointed out that the high wage policy could have contributed to the recession in 1985 by pushing wages beyond productivity and resulted in a serious loss of international competitiveness (Singapore Economic Committee, 1986).1 In response to STP, Lim (2012b) of the National Trade Unions Congress (NTUC) came up with NTUC–National Wages Council (NWC) hybrid which advocates a continued upgrading and matching of skills, as well as redesigning job contents while maintaining the long standing strategy of NWC that wage growth should lag productivity growth.

Singapore’s highly open labor market is characterized by “one market-two remu-neration extremes” as a result of international competition both at the top tier and at the bottom tier with the middle being further split in between the two with challenging consequences (Goh, 1980). As Fig. 2 shows, ideally Singaporeans would like to move steadily and directly from Quadrant A, exhibiting low wage-low productivity stalemate towards the high wage-high productivity of inclusive competitiveness, or Quadrant D. The thrust of STP amounts to moving from the current Quadrant A directly to the Quadrant B (i.e., high wage-low productivity hybrid) which hopefully would reach Quadrant D. In contrast, the core of the NTUC–NWC Hybrid aims to move from Quadrant A to Quadrant C (i.e., low wage-high productivity hybrid) and eventually arrive at Quadrant D.

A case in point is the experience of several crisis-hit European economies which have faced a classic case of loss in competitiveness as in Quadrant B or the high wage-low productivity trap (see Rajan et al., 2014). In a competitive globalized world, this is

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1 Empirical work has suggested that while wage increase above productivity has led to a loss in international competitiveness during the early 1980s, the strong exchange rate and the global downturn in the electronics cycle in 1984 as well as the regional slowdown also contributed to the severity of the decline in 1985 (see Singapore Economic Committee, 1986; Tan et al., 2013).
not sustainable as wages are sticky downward with union leaders whose immediate objective tends to be wage maximization rather than job protection.

On the one hand, Quadrant A or the low-wage-low-productivity stalemate Singapore is experiencing currently for some blue collar workforce is another classic case of labor market failure distorted by abundant supply of cheap foreign workforce in a number of industries which minimized incentive for employers to drive productivity. On the other hand, employees are understandably reluctant or unable to put in their best performance given the poor effort-remuneration wage structure. Such a structure has led to productive local workforce tending to shun those industries because stagnated low wages are unmatched by the rising cost of living.

However, the Quadrant C — as suggested by NTUC–NWC — may not be sufficient either, as upgrading skills tend to take a longer time to materialize. Further, the current manpower policies on foreign workers who are abundant in supply tend to suppress wages of indigenous blue collar workers unless and until a coordinated government effort to fine-tune the inflow on foreign workers by sector happens. Indeed, there is a facilitative role for the government which can be activated to correct labor market failure.

For its part, the Singapore government has understood the need for activist labor market policies selectively. For instance, the Workfare Income Supplement (WIS) Scheme established in 2007 is supposed to encourage indigenous blue collar workers to stay in the job through wage subsidies. Another example would be the Wage Credit Scheme (WCS) established in 2013 with the aim to help employers to mitigate wage costs especially during a weak economy so as to protect jobs. However,

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2 See http://mycpf.cpf.gov.sg/Members/Gen-Info/WIS/WIS_Scheme.htm for more details on the WIS scheme.
3 See http://www.iras.gov.sg/irashome/WCS.aspx for more details on the WCS.
these government initiatives are still unsatisfactory as they have no direct linkages to productivity and have posed a heavy state burden to say the least. Based on Singapore Budget Statement (2013), S$3.6 billion has been allocated for the WCS over a period of three years, while the WIS scheme will cost S$650 million per year. The WIS and WCS programs are much needed by Singaporeans in their late 40s and early 50s who have had only limited opportunities for post-secondary education during the 1970s and 1980s when Singapore possessed limited financial resources. These groups of indigenous workforce, who are mainly employed in the goods producing industries, have been faced with skill mismatches and skill obsolescence exacerbated by rapid globalization.4

Conversely, as Singapore’s economy has continued to restructure, over the last decade (2003–2012), value added in goods producing industries has declined from 33% to 29%, while value added in services providing industries has steadily increased from 63% to 69% (Yearbook of Statistics Singapore, 2009, 2013). Since the latter industries are less amenable to automation and other labor-saving technological improvements, Singapore needs a relatively bigger labor force over-time as the economy gravitates towards maturity with both resident and non-resident blue and white collar workers.

Thus, Singapore is faced with the dual conundrum of expanding the workforce by bringing in non-residents to ensure the economy continues to restructure as a means of sustained growth in the global economy, while simultaneously managing the persistent and growing low-wage indigenous workforce.

3. GDP and Average Labor Productivity Growth Projections: 2009–2019

Having discussed Singapore’s low average labor productivity growth to date, this section performs a growth accounting exercise in order to project GDP and labor productivity growth for Singapore under some assumptions for the period 2009–2019.

The sources of GDP growth can be summarized by the following accounting decomposition (i):

$$
\Delta \ln Y = \bar{\nu}_{K_{ict}} \Delta \ln K_{ict} + \bar{\nu}_{K_{nict}} \Delta \ln K_{nict} + \bar{\nu}_L \Delta \ln L + \bar{\nu}_Q \Delta \ln L_Q + \Delta \ln A,
$$

$K$ denotes contribution of capital input including ICT capital and non-ICT capital. $L$ denotes contribution of labor input based on hours worked and labor quality differentiation. $A$ is contribution of total factor productivity (TFP) growth.

4 Another proposal to enhance productivity and help lower income workers is that of a minimum wage policy (MWP). Such a policy has gained popularity in many countries in recent times. However, the MWP, once legislated, cannot discriminate against non-Singaporeans. Foreign workers would have to be paid at the minimum wage according to Singapore’s cost of living even if their productivity is lower and are prepared to accept a much lower wage. The MWP in fact amounts to equating cost of living between Singapore and those cheaper neighboring countries which would result in potential erosion of government revenues from foreign workers’ levies that can be gainfully deployed to improve the well-being of Singaporeans through a further productivity drive.
Sources of labor productivity growth can be categorized by the following growth decomposition (ii):

\[ \Delta \ln y = \tilde{\nu}_{K_{ict}} \Delta \ln k_{ict} + \tilde{\nu}_{K_{nict}} \Delta \ln k_{nict} + \tilde{\nu}_L \Delta \ln L_Q + \Delta \ln A. \]

K constitutes contribution of capital deepening including ICT capital and non-ICT capital. L is contribution of labor quality and A denotes contribution of TFP growth (see Jorgenson and Khuong, 2010; Vu, 2013). Thus, policy strategies to promote GDP growth consist of labor productivity growth plus employment expansion. Typically labor productivity should account for over 60% of GDP growth.

In promoting labor productivity growth, we can differentiate between hard workers versus smart workers, i.e.,:

\[ \text{Labor productivity} = \frac{VA}{EMP} = \left(\frac{VA}{OR}\right) \ast \left(\frac{OR}{EMP}\right). \]

Improvements in value-added (VA) over operating revenue (OR) which focuses on value creation and shift towards higher value-added activities are done by workers who work smarter. Management effort to maximize OR over employment (EMP) requires greater worker perspiration by squeezing hard on dollar per employee.

We conducted simulation exercises by assuming a certain level of employment, labor share, TFP, labor and capital quality growth and econometrically we have simulated three medium-term GDP growth scenarios achievable with various required productivity growth targets. We thus projected GDP and growth for the period 2009–2019 using the following model:

\[ \Delta \ln y = \left(\frac{1 - \tilde{\nu}_L}{\tilde{\nu}_L}\right) \Delta \ln K_Q + \left(\frac{1 - \tilde{\nu}_L}{\tilde{\nu}_L}\right) \tau + \Delta \ln L_Q + \left(\frac{1}{\tilde{\nu}_L}\right) \Delta \ln A. \]

Based on the actual economic performance over the period 1998–2008, we have simulated the associated GDP growth band and productivity target for pessimistic, optimistic and the base case scenarios which we perceive to most likely prevail during the period 2009–2019 as shown in Table 1. By making certain assumptions on employment growth, TFP growth, capital accumulation enhancement, labor and capital quality growth, and productivity growth, we project the GDP growth for the period 2009–2019.

Table 1. Projection of GDP and growth, 2009–2019: Assumptions and results.

<table>
<thead>
<tr>
<th></th>
<th>Actual 1998–2008</th>
<th>Pessimistic scenario</th>
<th>Base case</th>
<th>Optimistic scenario</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Labor share</td>
<td>0.532</td>
<td>0.532^</td>
<td>0.532^</td>
<td>0.532^</td>
<td>^Assumed</td>
</tr>
<tr>
<td>Labor quality growth (%)</td>
<td>1.24</td>
<td>1.00^</td>
<td>1.24^</td>
<td>1.50^</td>
<td>^Assumed</td>
</tr>
<tr>
<td>Capital accumulation enhancement</td>
<td>0.08</td>
<td>0.08^</td>
<td>0.25^</td>
<td>0.50^</td>
<td>^Assumed</td>
</tr>
<tr>
<td>Capital quality growth (%)</td>
<td>0.29</td>
<td>0.18^</td>
<td>0.29^</td>
<td>0.40^</td>
<td>^Assumed</td>
</tr>
<tr>
<td>Total factor productivity (TFP) growth (%)</td>
<td>0.51</td>
<td>0.30^</td>
<td>0.51^</td>
<td>0.70^</td>
<td>^Assumed</td>
</tr>
<tr>
<td>Employment growth (%)</td>
<td>2.92</td>
<td>1.00</td>
<td>1.50</td>
<td>2.00</td>
<td>^Assumed</td>
</tr>
<tr>
<td>Productivity growth (%)</td>
<td>2.52</td>
<td>1.79^</td>
<td>2.67^</td>
<td>3.61^</td>
<td>^Projected</td>
</tr>
<tr>
<td>GDP growth (%)</td>
<td>5.45</td>
<td>2.79^</td>
<td>4.17^</td>
<td>5.61^</td>
<td>^Projected</td>
</tr>
</tbody>
</table>

*Note: ^Denotes assumptions made and *denotes projected values.*
quality growth, we are able to simulate the various productivity growth scenarios which are associated with the corresponding GDP growth projections.

For the period 2009–2019, under the base case scenario, Singapore’s GDP growth is expected to average at 4.17% per annum which requires productivity growth of 2.67%. Such outcomes are to be achieved with slower employment growth of 1.5%, much slower than the 2.92% over the 1998–2008. We assumed capital deepening over time from 0.08 to 0.25, ceteris paribus.

Under the optimistic scenario, Singapore’s average GDP growth over the same period would reach 5.61% which requires productivity growth of 3.61%. Such a performance will be achieved with employment growth of 2%, faster than the base case scenario but slower than the actual growth in 1998–2008. Under this scenario, we assumed higher quality in both labor and capital growth, higher capital accumulation enhancement and TFP. Under the pessimistic scenario, Singapore’s average GDP growth over the same period would be 2.8% which requires a lower productivity growth of 1.8% with much slower employment growth of 1% with worsening quality in labor, capital, and TFP.

4. Focus on Small and Medium Enterprises

4.1. Early bias towards GLCs and MNCs

Early industrialization policies in Singapore focussed on attracting MNCs to promote economic growth and job creation were dictated by political considerations and economic circumstances when Singapore first gained independence. Hence favorable business and physical environments were created and incentives were being awarded for MNCs. The non-level playing field prevailed for SMEs which were far less competitive and efficient in contrast to MNCs with vast international networking and economies of scale.

The government’s attempt in the early stage of nationhood building to recruit the best of the manpower cohort each year into the public services with better remuneration and stable job security was in direct competition with the private sector. This relentless effort to seek out the ablest did creamed off and stifled potential entrepreneurs and to a great extent stifle development of SMEs. Consequently the current batch of successful Singaporean entrepreneurs are relatively less academically qualified or inclined and may not have found good job openings into the elite civil service or with MNCs.

Due to constraints of resources with competing funding for development projects, the government rightly decided to put precious financial resources into developing infrastructural investments such as airports and seaports instead of more universities and polytechnics. From 1960s to 1980s, the relatively fewer vacancies from institutes of higher learning had given rise to a poor education profile, low technical contents and rudimentary management skills for the indigenous labor force.

The Singapore’s government-linked companies (GLCs) also intervened to retain and promote industries which are of “strategic interests” such as banking, ports, air
and sea liners, since SMEs were perceived to be unlikely to deliver such objectives. However, such well-intended initiatives grew with bureaucratic rules which snow-balled into wholesale dominance of GLCs which further dwarfed the development of SMEs.

However, with the Singaporean economy becoming more open over the decades and total trade amounting to nearly three times of its GDP, coupled with shortening of global business cycles, the vulnerability of the Singaporean economy in terms of volatility in employment generation and external demand has also risen. This has led the government to appreciate the cushioning effect of SMEs in terms of employment in times of economic distress as their workforce tends to be family-based or closely knitted.

4.2. Recognition of importance of SMEs

SPRING Singapore (a government agency) suggested that SMEs currently employing 70% of the total Singapore workforce consist of 99.4% of total business entities. SMEs constitute more than 50% of Singapore’s value added GDP and that 48% of total SMEs’ revenues are derived overseas, reflecting greater internationalization (Straits Times, 2012). The relatively lower productivity or even stagnation of productivity by SMEs (Singapore National Employers Federation, 2010) in comparison to MNCs are likely due to weaknesses in management capability, inefficiency in provision of services and organization of production processes.

The low productivity of SMEs also reflects a certain degree of the non-level playing field in terms of company size since workers are usually reluctant to join SMEs due to limited career prospect unless being compensated with higher remuneration. Furthermore, during boom times when things are good, SMEs tend to find themselves short-handed to send employees for productivity training. Similarly, during recessions, when business activities are down, SMEs find themselves being financially constrained to afford staff for skill upgrading hence resulting in a market failure in correcting for productivity mismatch through competition.

Indeed, in recognition of the importance of SMEs, the government-convened ESC came up with a proposal for further economic diversification and resiliency, which actually contained specific strategies on SMEs (ESC, 2010). They include (a) seizing growth opportunities when external environments are favorable so as to ensure sustainable budgetary position; (b) developing a vibrant SME sector and globally competitive companies as economic restructuring continues; (c) attracting and rooting MNCs and global SMEs for diversification drive and quality employment creation for professionals, managers, executives, and technicians (PMETs); (d) growing knowledge capital to serve as a global information hub and forming a critical mass for innovation, research and development; (e) making Singapore a leading cosmopolitan and liveable city which would ensure her continued relevance and attraction of talents; (f) fostering inclusive growth by growing inclusivity through a renewed social contract and forging
national consensus; and (g) ensuring energy resilience and environmental friendliness growth, and finally rationalizing and maximizing value from land as a scarce resource.

In recent annual Budget Statements, more generous funding was made available to support SMEs as part of the explicit policies adopted by the ESC (2010) to identify and nurture 1000 Singapore enterprises with revenues over US$100 million. While the previous official support system to SMEs was far too dispersed to be effective as the SMEs had to deal with many government agencies including statutory boards and ministries, currently all issues pertaining to SMEs including productivity, internationalization of activities and innovation in research and development have been brought under one roof under the umbrella of SPRING Singapore, a statutory board being super-headed to deal with SMEs. Efforts to improve management and leadership upgrading for professional managers, executive and technicians (PMETs) are also being undertaken by the Workforce Development Agency (WDA).

The importance of the Jurong Town Council (JTC) which allocates land and factory landlords cannot be understated as the non-wage components of unit business cost (UBC) such as land cost, rental, fees and charges must be constantly monitored. Businesses tend to treat these costs as given and inevitably there is a squeeze on wage costs. In addition, as the manufacturing share of GDP would no doubt be declining over time, the mission must be revised accordingly to cater to SMEs in services and not just be limited to manufacturing activities.

Beyond survival, in order to ensure that SMEs actually thrive, coordinating efforts amongst government agencies such as International Enterprise (IE) Singapore to help SMEs in international network, marketing and branding are crucial. In addition, having Economic Development Board (EDB) as the middleman to link MNCs and SMEs to invest in a third destination such as Batam in Indonesia and Iskandar in Malaysia are important initiatives.

5. Concluding Remarks

While Singapore’s economic performance since the 1970s has been stellar, as the country matures, there are growing concerns of rising income inequality as well as stagnating labor productivity, especially among SMEs. Incremental productivity improvement can be achieved by increasing output per worker and transformational improvement can be achieved by increasing value per output unit. The former approach denotes a red ocean strategy of seeking improvements subject to the physical limitation of a worker as compared to the latter approach which signifies a blue ocean strategy of researching for higher value-added within an output unit.

For promoting growth, one can adopt the transformation approach to boost productivity growth which involves fostering the enabling factors and renewing firm-level strategies. To promote the enabling factors, one can employ human and financial capital so as to stimulate higher value-added activities, support industries with cluster formation and updating information technology. In renewing firm-level strategies, one
can introduce higher value-added products and be exposed to higher value technology and penetrate higher end market segments with entrepreneurship and risk taking behavior.

Most would share the concern of the dangers of widening income disparity as well as the plight of the low income earners, whose real wages may have been suppressed or would have been higher if not due to the competitive pressure from the excessive inflow of foreign workers. However, there are many approaches to address these pertinent issues, and the wage restructuring proposal is but one of the many ways of achieving inclusive growth.

It is important to bear in mind that populist public policies, however well intended, could have unintended consequences which in turn could cause market distortions that will be costly and take years if not decades to reverse. The government should resolutely resist the increasing pressure of being pushed toward the slippery road of welfare state which is least sustainable in the longer-run, especially for a small and resource-poor economy such as Singapore. There are various models of welfare state models with dissimilar features (see Puss et al., 2010; Heckman, 2008). However, Singapore is unique and being a small, nimble and highly open economy, the country is unlikely to fit into any of the major four welfare state models, viz. the Nordic, Continental, Mediterranean, or Anglo-Saxon type.

The government must instead continue to pro-actively play the facilitative role of addressing labor market failure through the annual budgetary measures in the form of targeted special transfers to avoid wasting of precious financial resources when subsidising up-skill training programs. With further fine-tuning of the WIS, WCS and the recent introduction of Productivity and Innovation Credit (PIC) Scheme which is to promote production upgrading (see Singapore Annual Budget Statements, 2014), labor market failure and productivity stagnation stalemate can be effectively addressed.

The paramount role of the government must be to ensure continuing economic restructuring, diligently monitor unit business costs, and most of all, to constantly ensure social mobility so as to safeguard against emergence of economic underclass or permanent underclass. We thus have the following four suggestions for consideration which would be executed under the proposed establishment of a high level bi-annual national WPC Taskforce:

(i) Evaluate the social profile and constraints of low wage Singaporeans and the emerging economic underclass.
(ii) Better understand industry-specific manpower issues, business difficulties, labor market requirements, and expectations.
(iii) Explain and educate the public at large on the urgency of productivity drive, international labor market competition, and improved work discipline.
(iv) Ensuring industrial internship as an integral part of the education curriculum for all Singaporeans at tertiary and technical institutions.
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