THE coming Budget marks the halfway point since the decadal-long productivity target was first proposed in 2010.

But Singapore’s productivity performance after 2011 has struggled to match that in the period before the global financial crisis. Restructuring changes will take time, so the programmes already in place should continue. However, they need to be refined.

The most important change is that the Government should start to track and make public how individual businesses have used the available productivity incentives, and whether they have succeeded in raising their productivity as a result.

This will allow it to apply the lessons learnt from the companies that have managed to raise their productivity to those still struggling.

Small companies may not have the resources to press on with the long-term nature of the productivity effort. They may need an additional nudge from the Government, which can use its tracking data to assess what additional productivity perks individual companies are likely to need, based on the outcomes of the companies that have already used them.

It can follow up with these companies by offering them these follow-on perks automatically. For instance, a small company that buys automation equipment or software in one year may not be able to immediately undertake the training for their staff to learn how to use the equipment.

If the Government’s tracking system picks up the purchase of the equipment but no subsequent rise in productivity, it could check in on the company and see if it needs any extra help.

Such an analysis should be performed not just for the popular Productivity and Innovation Credit programme but also for all productivity schemes, including the Innovation and Capability Voucher and the ICT (information and communications technology) for Productivity and Growth (IPG) programme.

Currently, there is no publicly available data that assesses the performance of these grants. We do not have a clear idea of how different businesses have responded to these perks and what the outcomes are.

We also do not know how often businesses are still forced to close down even after making use of these productivity schemes, and whether we have a clear idea of how different businesses have responded to these perks and what the outcomes are.

As a bonus, a system that tracks the productivity progress of companies that have used Government-funded incentives would also help to discourage dishonesty, of which there have been a number of high-profile cases.

Such analysis was not possible in 2010 when the productivity drive started but can be gained now, five years on. It will enable the Government to develop policies to help companies.

Insights the detailed data of measured productivity gains will enable the Government to develop policies to help companies. We should take hope from the fact that we have already made the move to focus on productivity as a growth driver, and not give up the advantage we have already gained from doing so.

Track how firms perform after getting grants

BY RANDOLPH TAN
Director at the Centre for Applied Research, SIM University, and a Nominated MP

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