

Lifting productivity in Singapore's retail, F&B

By Toh Mun Heng

IN RECENT years, there has been increased recognition among policy-makers for the need to build up Singapore's indigenous productive capabilities – especially those of its SMEs.

In a report released in 2010, the Economic Strategies Committee (ESC) – a government committee set up to help provide strategic direction for the economy's growth in the coming decade – identified SMEs as a key driver of productivity-driven growth. However, measuring productivity is often considered a difficult task for industries in the service sectors. While the ESC report set a target of doubling the number of local SMEs with revenues of over S\$100 million to 1,000 in 10 years, attainment of the target has still quite some way to go.

One important initiative albeit lesser known, is the applied research studies being carried out by the Singapore Productivity Centre (SGPC) to investigate and reflect key issues facing small- and medium-sized enterprises (SMEs) in the Retail and F&B sectors that are known to be laggards in productivity improvement.

The latest volume of the research studies titled *Lifting Productivity in Singapore Retail and Food Services Sectors: The role of technology, manpower and marketing* comprises topics in self-service technologies, cash management technology, RFID, 3D printing, centralised kitchen and dish-washing, part-time manpower pool, job redesign, M-commerce and use of loyalty cards.

For instance, we found that Paul Frank Singapore and Cold Storage were able to implement RFID (radio frequency identification) systems for inventory management. The technology enables them to accurately predict the amount of goods to allocate to their branches, creating a leaner supply chain, and this translates into money savings. Companies can learn from these findings, benchmark themselves against others and seek assistance from SPC in their pro-



A Cold Storage staff member restocking fresh produce. The supermarket chain implements radio frequency identification systems for its inventory management, which enables it to accurately predict the amount of goods to allocate to its branches, creating a leaner supply chain that translates to more savings.

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Customers are also increasingly willing to accept productivity-enhancing tools. Customers have certainly instilled more trust in online systems and payments in recent years, giving retailers a better opportunity to reach out to customers.

ductivity journey. Policymakers can also draw conclusions from the findings to help refine and fine-tune policies further for these two sectors.

A good framework is necessary for an effective analysis of problems faced in business operations and productivity improvement. The central message to companies is that the pursuit of productivity based on a single index (such as value-added per worker) can be fraught with difficulties and apparent contradictions regarding measures to be taken.

The 8M framework overcomes this by addressing multiple inputs and multiple outputs that are important for productivity improvement.

Used as a guide and platform in developing and implementing research activities, the 8Ms framework comprises Management (leadership and management practices); Manpower (human resources); Material (physical resources and services); Method (appropriate technologies, capital equipment and processes); Money (financial resources); Make (product variety and innovation); Customer Experience; Market (domestic and international markets); and Message (branding and communications, both internal and external).

The framework enables monitoring, analysis and planning for productivity improvement at the national, industry and firm levels.

grammes in order to keep them up-to-date with industry developments. Employees (especially the younger employees) are appreciating on-the-job training to implement productivity tools, as it improves their profile, and also makes them more employable.

Therefore, keeping in mind that the entrepreneurs, customers and employees are the key stakeholders in productivity improvement success, it is clear that in comparison to the past, all three of them have recognised the need to implement tools, and also have something to gain from the implementation.

However, at the same time, there are a few major challenges, which enterprises face, and these are consistent throughout the case studies presented. These are in particular: (i) Lack of awareness (or sometimes, correct awareness) about productiv-

ity-enhancing technology and practices among business owners; (ii) Issues in hiring and retaining a committed workforce, especially in the Food Services sector; (iii) Lack of feasible economies of scale to implement productivity enhancing tools; (iv) Technology anxiety among the mature population, which poses challenges for businesses especially with the ageing demographic profile in Singapore.

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More information on the book *Lifting Productivity in Singapore Retail and Food Services Sectors: The role of technology, manpower and marketing* can be found here: <https://www.worldscientific.com/worldscibooks/10.1142/10664>