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1% workforce rise, 2% productivity gain for 3% GDP growth

By **CAI YONG**
caiyong@sph.com.sg

SINGAPORE is making a transition towards a new growth formula: "one plus two equals to three" – meaning a one per cent rise in the workforce and a 2 per cent increase in productivity to power a 3 per cent growth in the country's annual gross domestic product (GDP).

Lim Swee Say, Minister in the Prime Minister Office, offered this in the light of a previous formula that has proved to be unsustainable, given mounting population pressures and concern over loss of competitiveness. That formula had been "three plus one equals to four" – 3 per cent growth in workforce and a one per cent growth in productivity creating 4 per cent growth annually. The growth target has thus been lowered, with a view of increasing the quality of growth.

Mr Lim was speaking at the Institute of Service Excellence at the Singapore Management University (ISES), which yesterday hosted the fourth ISES Global Conference on Service Excellence. The two-day event has attracted more than 300 Asian business leaders, policymakers and academics, who will examine the service industry's prospects along the theme "The Future of Service".

Mr Lim said that Singapore's economic transition had implications for the industry, key among which was a tighter labour market. Under such conditions, attracting and retaining talent can be met only by creating higher employee satisfaction.

He called for stronger market positioning among service-industry businesses, so as to prevent a mismatch of expectations – a source of dissatisfaction among consumers.

He also urged service-industry businesses to take a leaf from the manufacturing sector and practise competitive benchmarking, so that they would know where they stand in relation to their competitors. The service industry does not do enough of this, he said.

To this end, ISES has set up the Customer Satisfaction Index of Singapore annually since 2007. The index enables comparison of service performance against competitors in the same sector, across sectors and even against international players where similar indices are used.

Satisfaction with service has grown steadily, Mr Lim said. The index hit a high of 70.7 points last year. In the first quarter of this year, however, the retail and infocomm sectors registered year-on-year dips in satisfaction scores.