

Foreign manpower "helps local firms maintain competitiveness"

By Lynda Hong | Posted: 25 September 2012 2324 hrs

SINGAPORE: A common complaint from small and medium enterprises (SMEs) is the difficulty of finding enough Singaporeans to work in customer service positions.

Ionized water specialist firm H2O Life Source is an SME.

Its group managing director and ASME executive council member, Kenneth Wong, said: "With some improvements in automation, productivity, even salaries, we think we can attract a bit more Singaporeans but I don't think we can do away with foreign talent among us."



People at Singapore central business district

Foreign workers can also help local business maintain their competitiveness.

Trade and Industry Minister Lim Hng Kiang said: "Our SMEs, particularly those who cater to the export markets, their cost is lower and they can be more competitive.

"For the SMEs that serve the Singapore market, lowering cost means lower cost for Singaporeans, consumers.

"If the SMEs don't have the foreign workers, and the cost goes up, then Singaporeans must be prepared. The cost will go up and your cost of living will have to go up."

Currently, 41 per cent of Singapore's foreign workers are in the services sector which comprises financial, professional, legal, education and IT services, as well as the F&B, retail and hospitality industries.

As the services sector is the main contributor to Singapore's GDP, some observers question if Singaporeans have benefited from economic growth

Singapore Management University's dean for Office of Executive & Professional Education, Annie Koh, said: "So those are issues and questions that people reading the data without finer calibration may infer - rightly or wrongly.

"Because we only get aggregated data, we really don't know how much of that real wage rate is going to the local talent which has been contributing to the driving of that growth in GDP.

"If a large part of our growth comes from the services sector and the services sector is largely dominated by high-end talent from outside the country, then maybe a large chunk of

the mean wage is not really going to a lot of the locals."

Foreign talent has also helped establish new sectors in Singapore such as aerospace and commodity trading.

Minister Lim said: "If you train Singaporeans to fill up the sector before you can launch the sector, you may lose the opportunity...So our strategy is always that we bring the sector in, allow the companies to hire foreign talent, foreign workers and meanwhile we train Singaporean workers to fill the jobs."

High value-added industries like the biomedical sector have benefited from foreign talent who has helped to establish the industry when no local talent was available then.

Some observers say encouraging companies to hire more qualified Singaporeans in professional, manager and executive positions should be the next step forward.

Meanwhile, Singapore's labour force is forecast to shrink from 2020.

Barclays' regional economist, Leong Wai Ho, said: "Taiwan and Korea are not in a position to engage in immigration. As a result, I think you have seen the full effects of ageing on their economies.

"You see a general loss of vibrancy in their economies, followed by a rapid erosion of trend growth rates. That exerts a structural bias on the cost of doing business, particularly on inflation as well. And as that bias gets stronger each year, they must do more to reduce that bias in other ways. It usually involves government subsidy and social security spending."

- CNA/ck