

BOOK REVIEWS

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***Productivity and Innovation in SMEs: Creating Competitive Advantage in Singapore and South East Asia*, by Azad Bali, Peter McKiernan, Christopher Vas and Peter Waring.** New York: Routledge, 2019. Pp. 114.

Productivity and Innovation in SMEs reports on a project commissioned to study the productivity of manufacturing companies in Singapore. It is a timely study in view of Singapore's push to transform into an economy that is mainly powered by creativity, innovation and productivity growth rather than increased contribution of capital and labour inputs.

Productivity is an evergreen topic; many researchers, analysts and policymakers continue to invest intellectual time and resources in the subject, hoping to achieve robust results on productivity improvement, i.e., using less inputs for more output, higher benefits and better returns on investments. Productivity improvement is, in fact, multifaceted. More often than not, increased productivity cannot be attributed to a single source. Taking this into account, the book focuses on the more encompassing concept of total factor productivity (TFP) instead of the more simplistic idea of labour productivity. In this book, the authors identify six drivers of TFP: labour market reforms; domestic employment and attrition; training opportunities; automated production; government schemes; and leadership succession. These are somewhat different from other, more common TFP determinants such as openness of the economy, investment in R&D, intensity of foreign investment, inter alia.

Systematically organized in phases, the chapters in the book provide both methodological analysis as well as empirical studies based on: interviews with twenty SME leaders; a Delphi study of international experts; and a survey of 230 manufacturing and engineering companies. Indeed, these accounts provide evidence-based research findings—the use of firm-level data provides good examples and references for researchers and analysts interested in lifting productivity and industrial growth.

Also worthy of attention is the section on setting up of a productivity portal using existing Internet and information communication technology. The web-based portal allows companies to input their firm-level data for self-benchmarking productivity and innovation efforts in the sector on an ongoing basis.

As in all books worthy of publication, there are some areas/topics that the authors could have discussed more extensively:

- The title of the book is appropriately short but does not accurately reflect its contents. The book covers a study of manufacturing industries in Singapore, but the title “over-claims” its coverage to Southeast Asia. In fact, one can argue that Singapore is too unique to be compared to other countries in the region. A more precise title is unlikely to have made the book less readable or less valuable as a research reference.
- The book does include a chapter (Chapter 2) on Southeast Asian countries, where readers will expect a deep exposition of the productivity practices of the local SMEs and policies implemented

by their respective authorities to boost productivity. This could provide them a good reference to compare and contrast findings as they proceed to read the subsequent chapters on manufacturing in Singapore. However, readers will be disappointed as the chapter only offers some basic information on macroeconomic comparison of TFP, competitiveness and innovation indices.

- Furthermore, the impression that the book covers SMEs in all major sectors of the economy is misleading. Factually, it only focuses on SMEs in the manufacturing sector. The authors claim that due diligence is conducted to ensure that the sample of companies used in the study is representative of the manufacturing sector in Singapore. Whether the results and finding are relevant to other sectors—particularly those in services such as food and beverage (F&B), retail and finance—is debatable. In fact, as highlighted by Toh (2018), the key concerns of the F&B and retail sectors in Singapore include: limited awareness of productivity-enhancing technology; lack of feasible economies of scale to implement productivity-enhancing tools; manpower shortages; and difficulty in hiring and retaining a committed workforce.
 - The methodological framework used in the analysis—the Gioia method—is helpful. However, as indicated by the authors, there are possible limitations (p. 36). Most notably, the method can miss pertinent issues that have encumbered the manufacturing sector in Singapore. For instance, many SMEs act as suppliers to MNCs; while this keeps the SMEs on their toes, it also perpetuates their dependence on MNCs and confinement as low-cost suppliers in value chains. Also, once SMEs become too competitive, they are usually purchased by MNCs. While this may appear lucrative and beneficial in the short run, Singapore will be left with a very limited number of world-class enterprises that can stand shoulder to shoulder with MNCs in the long run. At the same time, there remains the possible threat of the market “hollowing out”, with non-competitive companies leaving Singapore for other destinations with less stringent productivity requirements and lower operating costs.
 - It is surprising that the distinction between local and foreign SMEs is not highlighted in the book. Many empirical studies have found that foreign-owned enterprises are more productive than their local counterparts. This is because foreign-owned enterprises often have additional support in the form of technology, management expertise and market intelligence from their headquarters to excel in the host countries. Is this also valid in the case of foreign-owned SMEs operating in Singapore? This book, unfortunately, does not have an answer.
 - It is important to note that the bulk of the government schemes mentioned in the book are only accessible to local companies. This may have boosted the performance of only a handful of companies. Thus, advocating more of such government schemes should have a caveat to remind the readers that regular reviews and cost-benefit analysis of such policies are necessary.
 - Another area missed by the framework is the role of start-ups. Injection of entrepreneurship often has a positive impact on average productivity of an industry. Moreover, in the manufacturing sector, the number of companies formed has consistently exceeded those that have ceased operations. Simultaneous cessation of old companies and formation of new ones have notable influence on the productivity trend of the sector. In other words, while the Gioia framework is appropriate for analysing the performance of existing companies, it is not suitable for industry-wide issues.
 - As alluded to earlier, the book reports on the creation of a productivity portal to enable self-benchmarking by companies. The portal aims to compute a “composite total factor productivity” score that will enable a firm to know its current position in the sector and identify strategic changes needed for improvement. In this regard, the method of data envelopment analysis (DEA), pioneered by Charnes, Cooper and Rhodes (1978), could also have been suggested to help compute an efficiency frontier, whereby a firm will be able to determine its position (whether it is on or behind the frontier) more accurately. When the data base gradually expands to include information on more than one period, the Malmquist index (an equivalent measure of total factor productivity) could also be computed.
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In the concluding chapter, the authors project three scenarios for the future of SMEs as Singapore ventures into Industry 4.0. Productivity and technology trends feature prominently in all these scenarios, and the authors conclude that the success of SMEs in the country will depend on their ability to adapt and grow continuously. This book, comprised of a little over 100 pages, is an easy-to-read volume. It reaffirms what is already known but also contains several new insights and imaginative views. It is a recommended reading for students, researchers and practitioners working on productivity issues, and for public officers responsible for promoting the productivity of their respective economic agencies.

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***The Sustainable State: The Future of Government, Economy and Society*, by Chandran Nair.** Oakland, CA: Berrett-Koehler Publishers, 2018. Pp. 249.

In its synopsis, this book is pitched as a "radical approach to governance for sustainable development", and that is exactly what it is. Chandran Nair totally goes against the grain to point out what has led to the planet's current state of poverty, environmental degradation and disconnect with nature, then proceeds to put forward an outrageously different approach to local and global governance to correct the imbalances. And, he is far from wrong.

Nair opens the book with a clear breakdown of how the term "sustainable development" has been watered down to "feel good slogans" that only emphasize being "environmentally friendly or even just being environmentally conscious" to the point where large organizations focus only on pollution, for example, instead of acting to ensure that resources are used in a way that allows them to replenish themselves, and remain indefinitely available. He also makes a clear distinction between the ability of developed nations to make sweeping environmental declarations and develop "green" technologies to further exploit resources to meet their comfort levels—while across the dark line, developing nations struggle to lift citizens out of poverty while trying to keep to benchmarks set by Western-dominated international organizations.

He pinpoints the crux of the problem to the overreliance on the free market economy, a distaste for a "strong state", overconsumption, and the inappropriate dream of a Western definition of "development" that is both unachievable and unsustainable for the developing world. Nair correctly points out that there are two sustainability challenges in the world today; while richer countries need only to focus on resource efficiency, poorer countries need to also "improve the lives of its poor majority" even as they mark out a path to a prosperous yet sustainable lifestyle. He goes on to emphasize that even the definition of
