

VIEWS FROM THE TOP

It's make or break – there's no other way

Do the ESC's recommendations on productivity and innovation hit the sweet spot?

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IN today's digital world, the pillars of economic growth are knowledge/technology, innovation and entrepreneurship. In order to compete globally, economic policies based on individual tax cuts, social spending and budget surpluses may not be adequate as market growth will be driven by innovation and entrepreneurship which is now being called "new growth or innovation economics". These pillars drive private sector growth and in turn the economy as a whole.

The review committee has obviously hit the sweet spot by announcing the need to focus on innovation and to create 1,000 companies with a minimum annual revenue of \$100 million each. Innovation will not only lift productivity, it is also essential for developed economies to compete with countries with low cost labour.

But the challenge is that there is no formula or sure way to generate innovation. If there is a consensus at all,

it is about a conducive environment and culture that stimulates innovation which is a highly decentralised and small unit-based system with extraordinary incentives for those who are willing to take the risk to experiment and to innovate. Inventors and entrepreneurs work best when they are accorded the freedom to test their ideas, and any directives from the central body or HQ generally impede rather than facilitate the innovative process. In addition, in order for innovation and entrepreneurship to fully deliver its potential, the GLCs should engage innovative organisations and form partnerships so that they become the engine of growth.