Chapter IV
Knowledge Economy in Transition: The Case of Singapore

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ABSTRACT

This chapter presents Singapore as a case study for the management of change as Singapore transits from a knowledge-based economy to the creative economy. Analysis of the knowledge-based economy suggests that competitive advantage is increasingly derived from investment in intangibles, particularly, information and knowledge-based competencies. The film industry is chosen as a microcosm level of analysis to examine the state of the creative economy as the latest phase in Singapore’s economic development as technology and information are increasingly used to navigate and mediate its people, resources, and capital. The objective of this research is to examine the types of competencies that enable firms in the industry to stay competitive in the contemporary knowledge-based economy in the light of technological development in the industry. In so doing, it seeks to shed light on what matters for the industry and the role that government has in shaping the creative economy.

INTRODUCTION

In the so-called knowledge economy, also variously known as knowledge-based economy (KBE) and new economy, knowledge-related activities have become central to creating employment, national wealth, and sustaining economic growth (Ofori, 2003). The sustenance of these activities requires a constant renewal of human and organizational capacities and creating conducive environments for creativity, innovation, learning, and change to thrive (Knight, 1995).

Singapore’s commitment to KBE development in the past decade has enabled it to make a rapid
and successful transition to a newly industrialized economy. Since the late 1990s, the Singapore government has forged an environment that is conducive to innovations; new discoveries; and the creation of new knowledge; and one that harnesses the intangibles, such as ideas, knowledge, and expertise to add value and create new value in the light of the knowledge-based economy (Ministry of the Arts and Information, Renaissance City Report, 2000). The Singapore experience represents one of few examples of how knowledge can become the driving force of economic growth and transformation as it was listed as one of the most information and communication technologies (ICT) specialized economies in the world having being ranked amongst the top 10 highest Knowledge Economy Index (KEI) in the World Bank comparisons (Knowledge for Development: World Bank Group Web site).

In the early 21st century, Singapore also recognized that creative industries including motion picture, television, and digital media production industry are fast-becoming powerful engines driving economic growth (UNCTAD, 2004). The significance of the creative industries worldwide is indicated by the mapping documents and strategic policies undertaken by various countries targeting at the growth of such industries. These include: UK Creative Industries Task Force (2001), America’s Cultural Capital (2001), Creative Industries in New Zealand (2002), State of the Regions Report, Australia (2002), and Baseline Study on Hong Kong’s Creative Industries (2003). The creative industries have become one of the fastest-growing sectors in the U.S. and global economies (United States Census Reports, 2000) showing annual growth rates of between 5% to 20% (Creative Clusters, 2004). This growth is fuelled, in part, by the increasing convergence between the spheres of culture and economics (Scott, 2000) and, in part, by the nature of the knowledge, creative, and symbolic assets of creative industries (Jones, 2005).

Having invested heavily in ICT, the Singapore government is now keen to use content and creativity to enter the next wave of development. This has prompted the development of the Creative Industries Development Strategy to enable Singapore to compete in the global knowledge economy aiming to nurture Singapore as a creative centre (ERC Report, 2002). In recent years, efforts were made to tap the economic aspects of culture, which has become the “primacy of the state’s agenda” (Kong, 2000, p. 419) for the arts and creative industries.

Analysis of the knowledge-based economy suggests that competitive advantage is increasingly derived from investment in intangibles, particularly information (Galloway & Dunlop, 2007, p. 25). The film industry is one of 13 sectors that make up the creative industries (DCMS, 1998) and has been defined as typical of the intangible, information-intensive growth sector deemed to characterize the contemporary knowledge or network society (Castells, 1996). It has become closely associated with industries in the new economy portraying a project-based nature, organized as networks of knowledge, and creativity-based teams and individuals (DeFillippi & Arthur, 1998). As such, intangible resources, such as reputation, experience, and particular skills (e.g., creative and functional skills) will assume greater significance as they are truly rare and can be more difficult for competitors to imitate (Itami, 1987; Rao, 1994).

This chapter presents Singapore as a case study for the management of change as Singapore transits from a knowledge-based economy to the creative economy. Singapore makes for an interesting case study because its status as an intelligent city (IDA Press Release, 1999) and the world’s most networked-ready country (World Economic Forum Global Information Technology Report, 2004-2005) provides valuable insight into how public policies have successfully negotiated the current global network economy to suit economic
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