

Singapore Human Resources Institute (SHRI)

Singapore

1. CURRENT ECONOMIC AND POLITICAL SITUATION IN THE COUNTRY

Economy and labour market situation

Singapore Workforce 2016

In 2016, the resident unemployment rate and long-term unemployment rate remained low but rose slightly as redundancies increased and job vacancies declined. Total employment grew at a slower rate, reflecting cyclical weakness in parts of the economy, a structural slowdown in local labour force growth, and tightened foreign worker policy.

Review of 2016

Employment

Unemployment rate rose for residents, highest since 2010

- The annual average resident unemployment rate rose slightly from 2.8% in 2015 to 3.0% in 2016, the highest since 2010. The increase was broad-based across most age and education groups, with larger increases among those aged 30 to 39 and 50 & over, as well as those with secondary and degree qualifications. The annual average resident long-term unemployment rate, though still low, rose from 0.6% in 2015 to 0.8% in 2016, and was higher among those aged 50 & over, and among degree holders.

Total employment growth continued to moderate in 2016

- Total employment (excluding Foreign Domestic Workers (FDW)) grew by 8,600 in 2016, lower than in 2015 (23,300), and significantly lower than in the earlier part of the decade (annual average of 120,000 between 2010 to 2014).

Local employment growth rebounded from flat growth in 2015

- Local employment grew by 11,200 in 2016, rebounding from flat growth in 2015 (700). Growth in local employment remained lower than in the earlier part of the decade, reflecting both a structural trend due to demographics as well as cyclical weakness in parts of the economy. Growth occurred mainly in the Professional Services, Financial & Insurance Services, and Community, Social & Personal Services sectors, with these sectors having relatively higher shares of Professional, Manager, Executive & Technician (PMET) occupations.

Foreign employment contracted after moderation in growth since 2011

- Foreign employment (excluding FDW) contracted by 2,500 in 2016, continuing a downtrend since 2011. The contraction was mainly due to the decrease in Work Permit Holders (-7,900) in the Manufacturing, Marine and Construction sectors. This is attributed to the subdued global economic conditions and a fall in private sector construction demand. At the same time, growth of S Pass and Employment Pass (EP) Holders moderated to 1,100 (from 8,600 in 2015) and 4,300 (from 9,000 in 2015) respectively.

Redundancies and Job Vacancies

Redundancies continued an upward trend since 2010, with a decline in residents' re-entry rates

- Redundancies rose to 19,170 in 2016, due mainly to business restructuring and reorganisation. This continued an upward trend since 2010, but was still lower than the recessionary high in 2009 (23,430). Residents were proportionally less affected, with their share of redundancies (58%) remaining lower than their share of employment (66%).
- The increase in redundancies was accompanied by a decline in the annual average rate of re-entry among residents made redundant. Slightly less than half of residents (48%) made redundant in 2016 re-entered employment, the lowest since 2010 (53%). In particular, the rate of re-entry was the lowest among those aged 50 & over (40%), degree holders (42%) and PMETs (44%).

Job vacancies declined after a slight increase in previous quarter

- After a slight increase in the previous quarter (September 2016: 50,800), job vacancies declined to 47,600 in December 2016, the lowest since December 2012. Coupled with an increase in unemployed persons, the seasonally-adjusted ratio of job vacancies to unemployed persons fell to 0.77, the lowest since September 2009 (0.54).

Income

Broad-based real income growth for Singaporeans over the last five years

- Median income growth moderated for Singaporeans in 2016 after strong growth in 2015. The nominal median monthly income from work (including employer CPF contributions) of full-time employed Singaporeans increased by 0.7% over the year to \$3,823 in June 2016, or 1.3% in real terms.
- Real income growth has been broad-based and sustained over the past five years. The real median income (including employer CPF contributions) of full-time employed Singaporeans rose by 16% (or 3.1% per annum) from 2011 to 2016. With ongoing support for low-wage workers, income at the 20th percentile of full-time employed Singaporeans rose by a similar rate of 17% (or 3.2% per annum) over the same period.

Productivity

Labour productivity grew

- Overall labour productivity (as measured by value-added (VA) per actual hour worked) rose by 1.4% in 2016, an improvement from the 1.0% in 2015. Growth in 2016 was driven by the Manufacturing, Transportation & Storage, Wholesale & Retail Trade, Financial & Insurance and Information & Communications sectors. On the other hand, productivity declined in the Business Services, Construction, Other Services and Accommodation & Food Services sectors.

New Initiatives pertaining to Singapore's human capital landscape

- The labour market weakened in 2016, reflecting subdued conditions in several segments of the economy. The largest impact was felt by older (aged 50 & over) residents, and those with degree qualifications as indicated by the increase in their unemployment and long-term unemployment rates, as well as lower re-entry rates after being made redundant.

- Against this backdrop, the Ministry of Manpower (MOM) further enhanced the **Adapt and Grow** programmes to help jobseekers grow their skills and adapt to changing job demands, as well as overcome mismatches and missed matches in the labour market as the economy restructures. Professional Conversion Programmes were also stepped up to more sectors.
- **Wage Support schemes** were expanded for workers facing difficulties in finding new employment. These include higher wage and training support for PMETs and Rank-and-File workers to enter new jobs and careers, with greater support focused on those older and unemployed for longer periods. In particular, mature PMETs who have been actively seeking employment for a year or longer, will receive higher wage support for up to 18 months.
- The **Attach-and-Train** initiative was launched to help address slower hiring in some sectors due to economic uncertainty. The development of an online jobs marketplace and partnerships with private sector employment agencies will also strengthen matching between employers and jobseekers.
- To support people through change, the Government continued to invest in **SkillsFuture** to expand and deepen SkillsFuture initiatives, help Singaporeans take charge of their learning and maximise their potential through life.
- The **TechSkills Accelerator**, a new skills development and job placement hub for the ICT sector, facilitates training opportunities for in-demand ICT skills, develops industry recognised skills standards and certification and places greater value on certified skills proficiency.
- In April 2016, MOM announced that the following would take effect from 1 July 2017: raise the re-employment age from 65 to 67; introduce an option to allow eligible employees to be re-employed by another employer to increase labour market flexibility; and remove option of employers cutting employees' wages at age 60.

Through these efforts, MOM, Workforce Singapore (WSG) and tripartite partners will help affected workers to seize new job opportunities. Workers are urged to tap on this support to adapt and grow, in order to maximise their lifelong re-employability. The [Committee on the Future Economy](#) also put forth various recommendations which are guiding Singapore's transition moving forward.

Political Situation

The People's Action Party will continue to dominate local politics in 2017-21. It will retain strong public support through a focus on improving living standards for a majority of Singaporeans and by continuing efforts to diversify the economy. However, the openness of the city state's economy will leave it exposed to an anticipated slowdown in China and the US, in 2018 and 2019 respectively. Singapore's real GDP is forecast to expand by 2% a year on average in 2017-21.

2. HR CHALLENGES

The main challenge facing the HR profession in Singapore at present are:

Digital disruption & Skills Mismatch

Advances in technology are picking up pace, disrupting traditional businesses and jobs. This has created a skills gap for both young and experienced workers. Singapore needs to develop strong capabilities in our firms and workers, so they can adapt to the changes in economic structures and technology. With many operating jobs being replaced by machinery or artificial intelligence, some jobs are in danger of becoming obsolete.

Prime Minister Lee Hsien Loong talked about it in his speech at the National Day Rally in 2016: "Old models are not working, new models are coming thick and fast, and we are having to adjust and to keep up, because of technology and globalization. And the disruption will happen over and over again, relentlessly.

There has been an exploding demand for innovation and entrepreneurial skills that cannot be replaced by technology. But due to the small talent pool in Singapore and the inability of schools to produce students with the right skills, the society is not able to meet the economy's demands. This results in an increasing rate of structural unemployment where many jobs are unfilled due to the lack of skilled individuals in those areas.

There is a need to shift and restructure education in order to address the mismatch of skills due to rapid technology advancements. It is of paramount importance to continually rethink the future of Singapore's education to ensure that it remains in sync with the shifts in global economy and that the skills mismatch is addressed.

Some laid-off workers are struggling to find new jobs as they no longer have the skills employers want. Good jobs are going begging in some industries while other sectors are seeing jobs disappear by the month.

The hardest-hit class of workers is PMETs - professionals, managers, executives and technicians. The MAS said a combination of slow economic growth and these increasing skill mismatches is weighing on the labour market. PMETs accounted for more than two-thirds of the residents let go in the first half of this year - more than their share of the total workforce. But while more than half of the job openings in the same period were targeted at PMETs, only 39.6 per cent of laid-off resident workers in this category managed to secure a post within six months.

They need to equip themselves with the necessary skills to fill the jobs that are currently available and will be in demand in the coming years. These include professionals in IT, engineering and finance, as well as healthcare workers and early childhood educators. Increasingly, more specialised skills would be needed to take on these new jobs, such as capabilities in IT applications and cyber security analytics. There is still strong hiring demand in some segments of the economy - such as tech start-ups - but candidates with the right skills are hard to come by.

Demographics

Singapore is also undergoing a key transition as our economy matures. With falling birth rates and a rapidly ageing population, labour force growth will eventually fall to zero.

But the more worrying trend is that Singapore is ageing rapidly. As of end-June, 13.7 per cent of citizens were aged 65 and above, compared with 9.2 per cent 10 years ago. And despite the bumper 33,725 citizen births last year, Singaporeans are not having enough babies to replace themselves. The resident total fertility rate was 1.24 last year and has hovered around there for the past 10 years, well below the 2.1 figure needed for a population to replace itself. These two trends mean there will be fewer workers to support a growing number of seniors. There are now 4.7 working-age citizens for every citizen aged 65 and older, compared with 6.9 in 2006. If birth and immigration rates stay the same, the number will halve to 2.3 in 2030.

Labour shortage

Singapore's **labour shortage** is probably the biggest challenge for growth, and the restructuring of the economy towards coping with such pressures will take a considerable amount of time. But the trade-reliant economy faced domestic challenges as well, most importantly a labour shortage exacerbated by restrictions on foreign workers. Since 2009, the foreign workforce supply has been tightened in Singapore, partly as a result of public feedback on the increasing number of foreign employees in Singapore. The ratio of foreign semi-skilled and mid-skilled workers to Singaporeans allowed in certain industries was reduced, and this has caused manpower shortages in some industries like the food and beverage industry. In 2014, the Ministry of Manpower also introduced a Fair Consideration Framework to make sure that companies with more than 25 employees advertise professional jobs to Singaporeans for at least 14 days before allowing such jobs to be filled up by foreign professionals (with certain exceptions to jobs above a threshold monthly salary). This entails additional responsibilities on HR professionals. In cases of suspected foreigner bias, the Ministry of Manpower may investigate and interview the company on why a foreign employee was chosen instead of a Singaporean, and even exercise its right to curtail future foreign manpower hiring by the company.

Productivity

Domestically, Singapore is in the process of transitioning towards a productivity-led growth model with lower inflows of foreign labour. The Ministry of Trade and Industry reports that Singapore's labour productivity has been roughly flat since 2011, although labour productivity growth picked up to around 1 per cent in 2015. The official forecast is for 1 to 3 per cent GDP growth next year.

Wage growth has raced ahead of productivity. At roughly 43 per cent of gross domestic product, wage costs in Singapore are now at levels which historically had preceded recessions in 1985, 1997 and 2001.

Shifting policies

Singapore's employment laws have historically been employer-friendly. In the early days of Singapore's development, this was crucial to attract multi-national corporations to Singapore. However, in the past decade, there has been a shift towards greater employee rights as well as greater protection of the Singapore core workforce. Examples of greater employee benefits are the extension of maternity leave periods, and the introduction of paternity leave which hitherto did not exist. Another example involves Singapore's main employment legislation, which once protected mostly blue collar workers but has now been expanded to protect junior professional and managers earning below a certain threshold monthly income. These policy shifts bring challenges to human resource (HR) professionals, and we share some of them below.

Increasing unionisation

There has been an increasing level of unionisation in Singapore in recent years, and significantly in 2015, legislation was introduced to allow professionals and managers to be collectively represented by rank-and-file unions. While industrial relations in Singapore remain generally peaceful and strikes are extremely rare, HR professionals play an important role to seek consensus with the tripartite partners of government, employers and unions. Unionised companies in Singapore typically sign collective agreements with unions that contain a range of employment terms to protect the employees, and negotiations on these terms between the companies and the unions.

What the future holds

HR professionals can expect to face further challenges as Singapore employment law's pro-employee shift continues. One change in the pipeline is the introduction of the Employment Claims Tribunal ("ECT") in April 2017. One category of employees who will benefit from the setting up of the ECT is professionals and managers earning more than S\$4500 basic salary a month, as currently any of their employment related claims can only be sought through the civil courts, which is typically more time consuming and more expensive. Companies and HR professionals should thus start preparing themselves for the introduction of this new tribunal by understanding its procedures and scope.

3. SHRI PROJECTS AND INITIATIVES

SHRI

SHRI HR ACCREDITATION FRAMEWORK / SINGAPORE NATIONAL HR PROFESSIONAL CERTIFICATION FRAMEWORK (NHRPCF)

SHRI's HR Accreditation Framework is the first of its kind in Singapore, introduced in 2003 to ensure HR standards and capabilities for organisational and individual growth. The Framework seeks to establish a clear roadmap for competency and knowledge acquisition, and to raise the standards of HR in Singapore. Since 2014, the HR Accreditation Board has reviewed and revised the framework to act as an umbrella that encompasses various functional and technical competency based standards in Singapore and across the globe.

A national system to certify the skill levels of human resource (HR) professionals will be launched in Singapore in the second quarter of 2017. The National HR Professional Certification Framework is the first attempt to set out a nationwide standard for the amorphous HR profession. The framework, which is run by government agency Workforce Singapore, is meant to assess HR professionals for skills that go beyond basic HR functions.

Manpower Minister Lim Swee Say called the new framework a "significant development to professionalise the HR community to better support human capital development in our future economy". The Professional Certification aims to enhance the competencies of HR professionals, as well as create developmental and progression pathways for them. This will professionalise and strengthen the HR profession in Singapore, allowing HR professionals to be important enablers of businesses and organisations.

With support from the Ministry of Manpower (MOM), the development of the Framework is driven by Workforce Singapore (WSG), where a tripartite National HR Professional Certification Taskforce was formed to advise and oversee the development of the framework. As part of the development process, over 500 HR practitioners and business leaders from organisations ranging from MNCs to local SMEs, as well as from the public sector were involved in the validation of the rigorously developed competency framework. In addition, a pilot involving 114 HR professionals from different industries and sectors was conducted in end October 2016 to early November 2016, to ensure that the certification assessment, as well as the other associated processes can be evaluated and further fine-tuned, in time for the targeted full launch in Q2 2017.

SHRI President Erman Tan and Honorary Secretary Dr Jaclyn Lee are on the HR Sectoral Tripartite Committee (HRSTC) committee and have been in discussion with the committee members in support of the certification, as well on how to align SHRI's own HR Accreditation Framework with the national framework.

EVENTS:-

Key Events >

- **SHRI Outlook** – One of SHRI's key annual events, the Outlook aims to better equip Singapore's HR professionals and business leaders for the critical role they have to play in an uncertain economic and business climate. It provides an unparalleled opportunity for business & HR leaders from both public and private sector organisations, to network, learn and exchange ideas for success, creating a platform for industry experts to look towards the future of the workplace and share predictions for the months ahead.
- **Singapore HR Awards** - The Singapore HR Awards celebrates leading organisations and HR practitioners in their drive for impactful human capital strategies. As one of SHRI's signature events, it serves as an excellent platform to promote and recognise excellence within the HR profession in Singapore by highlighting leading organisational HR practices and HR individuals (CEOs, HR Leaders, HR Entrepreneurs, HR Professionals and HR Executives).
- **Singapore HR Congress & Business-Connect Exposition** - The Singapore HR Congress and Business-Connect Exposition is a platform for global exchange, learning and sharing among business leaders, people managers and HR professionals. An annual signature conference of SHRI, this event sees about 500 HR Professionals and People Managers attending and benefiting from the discussions.
- **Singapore HR Challenge** - The Singapore HR Challenge 2016 serves to engage future leaders, people managers, critical thinkers, and contributors of the new workforce. The Challenge is a platform to showcase innovation and creativity as well as promote progressive HR to students.

Members' Events >

SHRI launched the monthly **#SocialHR Night**, to assemble HR thought leaders for discussions on emerging trends, taboo HR topics, innovation and industry disrupters. Through various member-focused initiatives such as the **HR Leaders' Series; Dialogue & Engage Sessions with Government**

representatives; #ActionHR and SHRI-e2i SME HR Seminar Series, we create new pathways for HR professionals, particularly in SMEs, to build the capabilities needed to thrive.

EMERGENCE: SHRI HR YOUTH COUNCIL

SHRI launched EMERGENCE: Singapore's very first next generation HR Youth Council that leads an assembly of tertiary level HR students and executives. As Singapore enters a new phase of growth, SHRI strives to champion HR thought leadership and build the capabilities needed to thrive in an uncertain economic environment. Emergence will work hand-in-hand with educators, agencies and tripartite partners to promote youth capability development, and better equip the millennial workforce to meet present and future challenges in a new ecosystem of work.

PARTNERSHIPS & AFFILIATIONS

The Institute forged partnerships with the **Institute of Singapore Chartered Accountants (ISCA)**, **Canadian Council of Human Resources Associations (CCHRA)**, **Lithan Academy Pte Ltd**, **Myanmar Society for Human Resource Management (MSHRM)**, **Shared Services International Inc.** and **Willis Towers Watson**, to achieve greater synergies in uplifting the HR profession, locally and globally.

SHRI Council Members represent SHRI on various statutory boards and committees, and play a key role in shaping the human capital landscape in Singapore. These include the **National Integration Council**, **Tripartite Committee on Work-life Strategy**, **Advisory Council on Community Relations in Defence (ACCORD)**, **Future Economy Committee**, as well as the **HR Sectoral Tripartite Committee (HRSTC)** and the **National HR Certification Taskforce**, amongst others.

INTERNATIONAL AFFAIRS

In 2016, SHRI expanded its footprint in the Asia Pacific, with the aim of enhancing HR knowledge and standards around the region. The Institute participated in the **IPM National HR Conference 2016** in Sri Lanka, themed “*HR Eco-system for Competitiveness*”, hosted by The Institute of Personnel Management, Sri Lanka – and the **35th NIPM Annual National Conference & Exhibition (NATCON) 2016**, India’s largest HR conference themed “Powering Ahead - Strengthening Bonds of Business by Focusing on HR” in Mumbai. SHRI conducted the inaugural **Certified HR Executive Course in Yangon, Myanmar**, from 9 to 11 September, in line with its partnership mission with the Myanmar Society for Human Resource Management (MSHRM) to build HR capabilities in Myanmar. In Vietnam, SHRI supported our partner, TalentNet, in hosting the **Vietnam HR Awards 2016** in Ho Chi Minh City on 28 September. SHRI President participated in

SHRI EMPLOYMENT AGENCY

Committed to delivering prompt and effective placement solutions, SHRI Employment Agency offers a full spectrum of recruitment and selection services: from manpower planning to on-boarding. One of our objectives is to connect new as well as established HR professionals who are interested in a challenging and rewarding HR career, to hiring organisations. We strive to contribute to our clients' long-term success and enhance their competitiveness by supporting them in their search and selection efforts.

SHRI CORPORATION PTE LTD

SHRI Corporate Learning & Consultancy Hub is the training and consultancy arm of Singapore Human Resources Institute (SHRI) focusing on enabling knowledge acquisition and skills development at both corporate and individual levels. SHRI CORP provides practice-oriented corporate education (public-run and customised workshops), consultancy, shared services and certification to level up human capabilities.

SHRI ACADEMY PTE LTD

SHRI Academy Pte Ltd, a wholly-owned subsidiary of SHRI Corporation Pte Ltd, is a human resources training institution that caters to the learning and development needs of adult learners. With a comprehensive training and education curriculum, SHRI Academy offers lifelong learning opportunities and a diverse range of academic programmes – from certificate to master's degree levels under its School of Human Capital Management. SHRI Academy takes pride in working with prestigious partner, Edinburgh Napier University.

THE SINGAPORE PROFESSIONALS' AND EXECUTIVES' CO-OPERATIVE (SPEC)

The Singapore Professionals' and Executives' Co-operative (SPEC) was founded by SHRI in May 2000 to support the outplacement, employment and employability of Professionals, Managers, Executives and Technicians (PMETs) affected by organisational restructuring and downsizing. SPEC is an affiliate of the Singapore National Cooperative Federation. SPEC aims to be a dynamic and efficient source of support for employers and employees in manoeuvring organisational change and enabling successful transitions, whilst best managing the needs and interests of concerned stakeholders.

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