

Singapore Human Resources Institute (SHRI)

12 October 2016 meeting in Bangkok, Thailand

Singapore

1. Current economic and political situation in the country

Economy and labour market situation

Singapore Workforce 2016

Preliminary estimates showed that overall unemployment rose in June 2016 from March 2016. Unemployment increased for residents and citizens, after declining in the previous quarter. Amid subdued global economic conditions, employment grew at a slower pace in the second quarter of 2016, compared with the first quarter of 2016 and a year ago. The number of layoffs rose from the previous quarter and a year ago.

- Quarter on quarter, the seasonally adjusted unemployment rate rose from 1.9% in March 2016 to 2.1% in June 2016. Over the same period, unemployment rate increased among residents (2.7% to 3.0%) and citizens (2.6% to 3.1%), after declining in the previous quarter. Unemployment among residents and citizens declined in the previous quarter due to a lower labour force participation rate among youths aged 15 to 24.1
- Preliminary data showed that redundancies continued to trend up. Some 5,500 workers were made redundant in the second quarter of 2016, up from 4,710 in the first quarter of 2016 and 3,250 a year ago. Over the quarter, layoffs in manufacturing fell, while it increased in services and stayed relatively unchanged for construction.

Labour

Preliminary estimates showed that overall unemployment rose in June 2016 from March 2016. Unemployment increased for residents and citizens, after declining in the previous quarter. Amid subdued economic conditions, employment grew at a slower pace in the second quarter of 2016, compared with the first quarter of 2016 and a year ago. The number of layoffs rose from the previous quarter and a year ago.

Unemployment

Unemployment rose for residents and citizens in June 2016, after declining in March 2016. Preliminary estimates showed that quarter on quarter, the seasonally adjusted employment

rate rose from 1.9% in March 2016 to 2.1% in June 2016. Over the same period, unemployment rate increased among residents (2.7% to 3.0%) and citizens (2.6% to 3.1%) after declining in the previous quarter. Unemployment among residents and citizens declined in the previous quarter due to a lower labour force participation rate among youths aged 15 to 24.

In June 2016, an estimated 68,300 residents, including 60,300 Singapore citizens were unemployed. This was higher than 60,400 and 50,800 in March 2016.

Employment

Amid subdued global economic conditions, total employment grew at a slower pace in second quarter 2016.

Total employment is estimated to have increased by 5,500 in the second quarter of 2016. Amid subdued global economic conditions⁴, the pace of increase was slower than in the first quarter of 2016 (13,000) and in the second quarter of 2015 (9,700). There was a broad-based slowdown in employment growth across the three sectors. Services, which formed the bulk of total employment increases in second quarter 2016, grew by 8,600, slower than in the previous quarter (13,200). Employment in manufacturing continued to trend down (-3,400). Construction employment remained relatively unchanged (400) in second quarter 2016, after the 1,900 increase in the preceding quarter. In June 2016, total employment reached 3,674,700, 1.3% higher than a year ago. This was similar to the 1.4% pace in March 2016, but slower than the average growth of about 2% in 2015.

Redundancy

Layoffs rose from the previous quarter and a year ago. Preliminary data showed that redundancies continued to trend up. Some 5,500 workers were made redundant in the second quarter of 2016, up from 4,710 in the first quarter of 2016 and 3,250 a year ago. Services formed the bulk of redundancies (62%) in second quarter 2016. The sector laid off more workers over the quarter (2,530 to 3,400). Meanwhile, layoffs fell in manufacturing (1,790 to 1,600) and stayed relatively unchanged for construction (390 to 400).

(Source: Ministry of Manpower 2016. <http://stats.mom.gov.sg/Pages/Home.aspx>)

New Statutory Boards to Sharpen Focus on Skills and Employment

The Government will reorganise its functions for effective implementation of two key priorities: the national SkillsFuture initiative and the need to ensure competitiveness and quality jobs for Singaporeans over the long term.

A new statutory board under the Ministry of Education (MOE), SkillsFuture Singapore (SSG), will be formed to drive and coordinate the implementation of SkillsFuture. It will take over some of the functions currently performed by the Singapore Workforce Development Agency

(WDA) and absorb the Council for Private Education (CPE), an existing statutory board under MOE.

At the same time, WDA will be reconstituted into a new statutory board, Workforce Singapore (WSG), focused on jobs and ensuring enterprises can become manpower-lean while remaining competitive. The new statutory board will remain under the Ministry of Manpower (MOM).

The changes will hence involve a re-organisation within Government rather than increase the overall number of statutory boards. The re-organisation will require changes to existing laws and will have to undergo Parliamentary legislative processes. In the meantime, WDA and CPE will continue to perform their statutory functions until the new statutory boards have been established. Subject to the completion of the necessary legislative processes, the new statutory boards are expected to be established by the end of 2016.

SkillsFuture Singapore (SSG)

SSG's mission will be to drive and coordinate SkillsFuture, and promote a culture of lifelong learning in Singapore. It will maximise synergies between pre-employment (PET) and continuing education and training (CET). SSG will work with educational institutions and training partners to build a vibrant landscape of high-quality, industry-relevant training. SSG will also work closely with industry to ensure its skill requirements are met, in coordination with other government agencies.

With SSG under MOE, the Government can better leverage the strengths of the Institutes of Higher Learning – ITE, polytechnics, and universities – as well as private training providers to move SkillsFuture efforts forward as part of a holistic system of life-long learning. Another key objective better served by the new organisational structure will be to achieve greater inter-operability between the vocational, academic, and adult training qualification systems. This will allow for a consistent way in which credentials can be recognised under different qualification frameworks for the purposes of academic and career advancement. As lifelong learning becomes more modular, flexible, and continuous, the lines between PET and CET will eventually become indistinct.

In addition, CPE, which regulates the private education industry, will be integrated into SSG. Today, many private education institutions regulated by CPE are also providers of adult training overseen by WDA. Having all these functions come under SSG will give the statutory board a holistic view of the adult education and training industry. SSG will be ready to undertake a more coordinated approach towards audits and quality assurance for the private education institutions and adult training centres.

Workforce Singapore (WSG)

WSG's key mission will be to help Singaporeans take on quality jobs and careers. In particular, it will seek to strengthen the Singaporean core and promote the development, competitiveness, and employability of the Singapore workforce, with good matching of manpower supply with industry demand. It will support and assist Singaporeans seeking employment. It will also help enterprises become more manpower-lean. WSG will undertake WDA's current work on employment facilitation, career services, and industry engagement. It will drive efforts to help Singaporeans assume quality jobs and careers, while addressing industry manpower needs.

Notwithstanding the re-organisation, the SkillsFuture movement will continue to be a multi-agency effort within Government and involve all the tripartite partners. MOE, MOM, the Ministry of Trade and Industry (MTI), and other agencies will work alongside SSG and WSG to ensure effective implementation of SkillsFuture initiatives.

"This reorganisation within Government will enable each organisation to focus with all its energy on its key mission, which are each our important priorities for the future: SkillsFuture and quality jobs for Singaporeans. 'SkillsFuture Singapore' will foster a culture of lifelong learning, and help to integrate a whole system of education and training through life. 'Workforce Singapore' will be MOM's agent in developing a strong Singaporean core in each sector of our economy, and help companies to be manpower-lean while remaining competitive," said Mr Tharman Shanmugaratnam, Deputy Prime Minister & Coordinating Minister for Economic and Social Policies.

'Workforce Singapore' will sharpen Government's focus on helping Singaporeans meet their career aspirations. It will also support MOM in tackling manpower challenges as we transform our economy to be future-ready. With its greater focus on job placements, career services, and industry workforce development, 'Workforce Singapore' will help Singaporeans at all job levels to have better employment outcomes, and companies to better address their manpower needs," said Mr Lim Swee Say, Minister for Manpower.

Political Situation

Singapore is a sovereign republic. When it became an independent and sovereign nation in 1965, it inherited a legal system that is based on the English law. The legal system has since evolved to meet the needs of Singapore and to reflect the political system within which it operates. In November 1993, the Application of English Law Act came into force. This Act clarifies the application of English law and statutes in Singapore.

The organs of government are provided for by a written constitution which forms the supreme law of Singapore. The Constitution lays down the fundamental principles and basic framework for the three organs of state, namely, the Executive, the Legislative and the Judiciary.

The Head of State of Singapore is a President who is directly elected by the people, following fundamental constitutional changes in 1991. The President possesses certain veto powers over the government which he can exercise with discretion in certain circumstances. Outside of those areas where the Constitution permits him discretionary powers, the President must act according to Cabinet advice.

The Executive comprises the Cabinet, which is responsible for the general direction of the Government and accountable to Parliament.

The Legislature comprises the Parliament and is the legislative authority responsible for enacting legislation. More information on the history of Parliament, Parliament House and activities of the House can be obtained from its web site.

The Judiciary's function is to independently administer justice. The Judiciary is safeguarded by the Constitution.

The Prime Minister of Singapore is appointed by the President of Singapore under Article 25 of the Constitution. The President, acting on the advice of the Prime Minister, also appoints other Ministers from among the Members of Parliament.

The Prime Minister is the effective head of the executive branch of government. He chairs the Cabinet, which is constituted under Article 24 of the Constitution. The Cabinet is the central decision-making body of the executive government. It is an organ of state and central to Singapore's system of government. In practice, all significant decisions or actions taken by the Executive are first discussed and collectively agreed by Cabinet.
(<http://www.parliament.gov.sg>)

The Parliamentary Elections include the General Elections and By-elections. The Parliament has a term of 5 years but may be dissolved at any time before the expiry of its 5-year term by the President on the advice of the Prime Minister. The General Election must be held within 3 months of the dissolution of the Parliament. Legislations governing the conduct of the Parliamentary Elections comprise:

- The Constitution of the Republic of Singapore (The Legislature - Part VI);
- The Parliamentary Elections Act (Chapter 218);
- The Political Donations Act (Chapter 236); and

- Related Subsidiary Legislations.

The Singapore Parliament is single house and has three types of Members of Parliament (MPs). They are:

- Elected MPs;
- Non-Constituency MPs; and
- Nominated MPs.

Elected MPs form the bulk and are elected at an election on a one-man-one-vote system based on simple majority (popularly known as first-pass-the-post system).

Elected MPs could be returned from Single Member Constituencies (SMC) and Group Representation Constituencies (GRC). Each SMC returns 1 MP while each GRC returns 3, 4, 5 or 6 MPs, one of whom must be from the Malay Community or the Indian or Other Minority Communities. This is to ensure that the minority groups are represented in Parliament.

Non-constituency MPs (NCMPs) are chosen from candidates of a political party or parties not forming the Government. The Constitution and the Parliamentary Elections Act provide that for the next and subsequent Parliaments, the number of NCMPs shall be 9 less the total number of elected Opposition MPs in Parliament. The number of NCMPs coming from any one GRC shall be capped at 2, and the number from any SMC shall not be more than one.

The non-constituency MPs to be declared elected shall be determined from amongst the candidates of the Opposition parties contesting the General Election on the basis of the percentage of votes polled by such candidates. (Details are spelt out in Section 52 of the Act.)

Nominated MPs (NMPs) are Singapore Citizens nominated by a Special Select Committee of Parliament for appointment by the President. NMP does not stand for election. The Constitution provides for 9 NMPs.

The NCMPs and NMPs shall not vote on Bills pertaining to financial and constitutional matters.

(Source: Elections Department, Singapore 2013)

2. HR challenges

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

Shrinking workforce

The direst problem Singapore faces is labour shortage, said Miranda Lee, Director of People and Change Management of KPMG Singapore.

The falling Total Fertility Rate coupled with an increase in life expectancy from 66 years in 1970 to 82 years in 2010 has resulted in a shrinking and ageing workforce.

The median age of Singaporeans is expected to increase from 39 years in 2011 to 47 in 2030. In addition, Lee believes that the tightening of foreign labour policies has affected companies reliant on foreign workers, especially small and medium enterprises (SMEs), which already face a labour shortage.

The slower growth of Singapore's workforce was also evidenced in the White Paper on the population, which reported expectations of a 1%-2% growth from 2010-2020, compared to 3.3% growth in previous decades.

Lee noted that this labour shortage has been further challenged by the increased demand for workers in industries such as manufacturing, pharmaceuticals and information technology.

As Singapore becomes increasingly recognised as a key tourism hub, demand for staff in customer-facing roles and service lines will also grow. The severity of Singapore's current and anticipated labour crunch has fuelled the country's talent war.

Falling productivity growth

Another issue magnified by the labour crunch is Singapore's falling productivity growth rates. Despite the Government's emphasis on productivity, Singapore's workforce has experienced declining productivity growth (refer to chart below).

Though Singapore's growing middle-class is less willing to accept population-driven growth, in the face of an economic slowdown, such sentiments may be altered to temporary acceptance. However, it is imperative that our economy should be restructured, and there remains a strong call to boost productivity growth more than ever.

Singapore continues to struggle to improve labour productivity. Labour productivity saw its fourth consecutive decline in the first quarter of this year, falling short of the Government's target of 2–3% annual growth over a 10-year period to 2019.

Improving productivity has taken on an added urgency in recent times. Lagging productivity will affect wage growth and, from a global standpoint, make the Singapore economy less competitive. As alternative ways of achieving economic growth—particularly growth induced by the influx of foreign workers—run out, a successful productivity campaign becomes ever more salient.

According to the MOM, current employees in Singapore search for workplace flexibility and career development opportunities. This is different from past generations who were motivated by continuing employment for financial reasons.

The Republic is falling behind in productivity, even as the economy grew moderately well at a “new normal” last year, said Minister for Trade and Industry Lim Hng Kiang in an exclusive interview with 938LIVE.

Mr Lim admitted that the republic was “not achieving the two to three percent (labour productivity) growth rate that we’re aiming for.”

To help businesses, Mr Lim said the government has rolled out programmes on a broad scale, such as the Productivity and Innovation Credit scheme, as well as more targeted approaches like SPRING Singapore’s Capability Development Programme where individual companies can get advice on their business growth.

When asked if the official forecast of two to four per cent economic growth this year is realistic, Mr Lim said: “This is our typical range going forward, around two to four per cent... so this is the kind of new normal that we are aiming at and this year we expect growth at about the same rate as last year, because the global environment is still challenging.” He noted that the US was the main driver of growth for last year, and is likely to remain so this year. “Essentially it’s only the US economy that’s doing well. Europe and Japan are having a big challenge and China is managing to have a soft landing at best. So the external environment is at best slightly better than last year, but not that much better.”

Looking ahead to the Economic Strategies Committee’s target of three to five per cent annual growth for Singapore between 2010 and 2020, Minister Lim said that “if you look at our performance in the 10 years between 2000 and 2010, the economy grew around six per cent per year. But if you look at the last four years we are averaging around three per cent.” He added that the government had worked towards slower, but higher quality growth. This included reducing the flow of foreign workers, and growing at half the rate that the country did 10 years ago.

“We are having a more developed economy structure, our demographics are very similar to Japan and Europe — we are ageing very rapidly. So how do we try to have an economy that is more innovative, more dynamic, more like the US economy and less like the European and Japanese economy? That’s our big challenge.” 938LIVE’.

3. SHRI projects and initiatives

Major areas of SHRI’s activity includes the following:

- **Singapore HR Awards**

Organised yearly by Singapore Human Resources Institute (SHRI), 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).

Through The Singapore HR Awards, leading HR trailblazers and people management practices are honoured. New benchmarks and standards for the HR profession are also developed. Each leading Singapore HR Award is a distinctive recognition by Singapore's HR Professional body to mark the successes and accomplishments of people managers, thus further emphasising the importance of Singapore in putting human capital as a key business outcome.

- **Singapore HR Accreditation / Singapore National HR Certification**

SHRI recognises and acknowledges the significant contributions the HR profession has made, and continues to make, to many organisations and businesses. With the increasingly competitive and complex business environment, the way forward for HR professionals is to acknowledge and respond to such challenges by sustaining and improving their own competitive advantages.

The HR profession needs to establish itself as a credible brand – through accreditation so as to raise its recognition, standing and reputation. To do precisely that, SHRI has taken the initiative to establish HR as a brand through accrediting HR practitioners in Singapore so as to raise the profession to meet avowed standards and practice.

The Framework was revised to act as an umbrella framework that encompasses various functional and technical competency based standards in Singapore and across the

globe. Aside from functional and technical HR areas, this framework includes an assessment of personal core attributes and people management skills that aids in upholding a higher ethical standard and values which go beyond competencies alone.

A National Human Resources (HR) Professional Certification Framework is in the pipeline to better support businesses in playing a more strategic rather than operational role. It will also provide a “progressive learning ladder” to help HR professionals develop the capabilities needed to advance their careers and improve their effectiveness in the workplace.

In managing a workforce, it has to go beyond HR and into human capital, where HR professionals are “not just resources to plug holes”, but requiring long-term investment to develop.

In focus group discussions with over 150 stakeholders, the Ministry of Manpower’s HR Sectoral Tripartite Committee (HRSTC) - which was formed in September last year - received recurring feedback on the need for HR to evolve to better support businesses and play a more strategic role over operational and transactional duties.

Employers expect HR professionals to better apply their skills to align and support organisational goals. To upgrade the HR practices in our different sectors, we need to upgrade the HR professionals, and the certification process as well. There is also a need to set up a pathway for professional HR development, which will certify HR practitioners based on competency, work experience, professional code of conduct and ethics, as well as understanding of local employment regulations, guidelines and practices.

Beyond certification, it will be a progressive learning ladder which helps HR professionals develop the capabilities needed to advance their careers and improve their effectiveness in the workplace. HR professionals can then better support the business while enhancing their value to the organisation.

- **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**

Into its 9th year, 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.

- **SME HR Award**

The Association of Small and Medium Enterprises (ASME) and the Singapore Human Resources Institute (SHRI) have partnered to establish a new accolade - the *SME HR Award*. The Award seeks to acknowledge small and medium enterprises (SMEs) that have implemented relevant and productive strategies, thus enhancing their HR practices and overall work environment. Winners will be selected according to a holistic assessment of the local enterprises' human resource processes and initiative in introducing such policies in their workplace.

- **SHRI SME Charter**

Through this charter, the SHRI Council will address the HR needs of Small and Medium Enterprises (SMEs). SMEs require guidance and knowledge to strengthen their HR policies and practices. SME owners can benefit from cross-learning and best practices sharing from other members in the charter

- **Collaboration with Professional Bodies in Singapore / Tripartism**

SHRI has signed Memorandum of Understanding (MOU) with various organisations such as the National Trades Union Congress (NTUC), Singapore Computer Society (SCS), Singapore Institute of Building Limited (SIBL), Institute of Estates Agents (IEA), Association of Small and Medium Enterprises and have also become a member of the Chinese Chamber of Commerce, Malay Chamber of Commerce as well as the Indian Chamber of Commerce. SHRI will be signing new MOUs with several other Associations this year.

- **To build overseas connections & engage in HR regional development work**

SHRI aims to engage HR associations and other professional bodies overseas especially in the region such as China, Vietnam, Hong Kong, Myanmar and Sri Lanka. This is also to gather HR practices from expert organisations in the region. SHRI wishes to participate in study tours in the region as well.

4. Events and Conferences in 2016

- SHRI Outlook 2016
- Singapore HR Challenge 2016
- Leading HR Leaders/Entrepreneurs' Dialogue
- Leading HR Dialogue
- Singapore HR Awards Presentation Gala
- Singapore HR Congress & Business-Connect Exposition
- Social HR (Monthly Members Networking Event)
- Action HR (Quarterly Members Event)
- SME HR Seminar Series (Bi-Monthly)

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