

Singapore Human Resources Institute (SHRI)

Singapore

1. Current economic and political situation in the country

Economy and labour market situation

Tight Labour Market in 2014 - The Singapore labour market is expected to tighten further this year as previously announced foreign workforce policy measures come into effect. This will place upward pressure on wages. Unemployment is likely to remain low, while local employment should continue to register gains in 2014.

Firms must continue to improve productivity and reduce reliance on manpower - The current high rate of local workforce growth will be difficult to sustain in the long run due to demographic constraints. Labour productivity growth has also lagged behind income growth slightly in the past five years. Firms will need to implement more manpower-lean methods of driving business growth in order to survive and thrive.

Ministry of Manpower, Singapore will monitor the impact of previously announced foreign worker policy measures on employment, productivity, and incomes, and continue to take progressive steps to moderate foreign workforce growth to more sustainable levels. –

Earlier this year, the Ministry of Trade and Industry announced that the Singapore economy is expected to grow by 2 - 4% in 2014. MOM expects labour demand to remain strong in 2014, barring severe unexpected shocks in the external economy. The Construction sector is expected to see strong labour demand on account of ongoing infrastructure development. These include the construction of the Downtown and Thomson MRT lines, hospitals and nursing homes, as well as public and private sector housing projects. Labour demand in the Manufacturing sector is expected to come mainly from the Marine and General Manufacturing industries.

Labour demand in the Services sector is also expected to be strong. In particular, labour demand from the Retail Trade, Accommodation and Food & Beverage Services industries will be driven by the opening of several hotels and shopping malls in 2014. Foreign workforce tightening measures for the Services sector (such as the reduction of DRC for renewal applications from 50% to 45% and increases in foreign worker levies) came into force in July 2014. Hence, labour market conditions for these industries have tightened further, especially for firms that rely on more manpower-intensive and less productive models of operation. Overall, the Singapore labour market is expected to remain tight in 2014. This will place upward pressure on incomes.

While some increase in redundancies is expected as part of economic restructuring, unemployment is likely to remain low as job creation will be strong. With increasingly binding foreign manpower constraints, local employment should continue to register gains in 2014.

In conclusion, while incomes have grown at a healthy rate in the past five years, labour productivity growth has lagged slightly.

There is a need to sustain and broaden the recent improvement in productivity growth, especially in the Construction sector and the more labour-intensive industries within the Services sector.

Firms have increasingly turned to hiring more local workers to meet their manpower needs as foreign workforce policies are tightened. However, the current rate of local employment growth will be difficult to sustain in the long run, due to demographic constraints.

The Government has put in place, The Fair Consideration Framework (FCF), which is part of the Government's overall effort to strengthen the Singaporean Core in the workforce. All employers doing business in Singapore are expected to consider Singaporeans fairly for job vacancies and to comply with the Tripartite Guidelines on Fair Employment Practices. They should put in place fair employment, hiring and staff development practices that are open, merit-based and non-discriminatory. - See more at: <http://www.mom.gov.sg/employment-practices/fair-consideration-framework/Pages/fair-consideration-framework.aspx#shash.onLiaYip.dpu>

Firms will need to implement more manpower-lean methods of driving business growth in order to survive and thrive. MOM is reviewing the CET Master plan to support the re-skilling and upgrading of our workforce to meet the needs of our economy. The Ministry of Manpower will monitor the impact of previously announced foreign workforce policy measures on employment, productivity, and incomes, and continue to take progressive steps to moderate foreign workforce growth to more sustainable levels. –

See more at:

<http://www.mom.gov.sg/newsroom/Pages/PressReleasesDetail.aspx?listid=549#shash.COWGag6P.dpu>

(Source: Ministry of Manpower 2014)

Some of the key factors underpinning our economic success are our business-friendly environment, our openness to foreign investments and access by businesses to a competent workforce. By having a vibrant mix of foreign and local enterprises in Singapore, we have created a diversity of good jobs for Singaporeans. Wages have increased substantially, while each successive generation of Singaporeans has been able to aspire to better job opportunities.

In the coming decades, our economy will be influenced by both internal and external factors. Externally, we will benefit from a more economically vibrant Asia, even as competition among cities

for talent and investment becomes more intense. Domestically, the Singaporean workforce will age and start to shrink, even as it becomes more highly educated. Other natural constraints that we have, such as land and energy, will also limit the extent that our economy can grow sustainably.

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 2 main challenges facing the HR profession in Singapore at present are:

- **Ageing population vs a shrinking local population**

As our post-war Baby Boomers turn 65 years old from 2012 onwards, Singapore will experience an unprecedented age shift. Over 900,000 Baby Boomers, more than a quarter of the current citizen population, will retire from the workforce and enter their silver years. At current birth rates and without immigration, the median age of our citizens will rise to 47 in 2030 from 39 in 2011.

As is the case in other developed East Asian urbanised societies like Japan, Taiwan and Hong Kong, our declining birth rates are due to rising singlehood, later marriages, and married couples having fewer children. Broader social and economic factors also affect marriage and parenthood decisions. For example, the expansion of higher education opportunities while welcome, has also delayed entry into the workforce and family formation.

Singapore's life expectancy has increased by 10 years over the last 3 decades: from 72 years in 1980 to 82 years in 2010. Our life expectancy is one of the highest in the world. With increasing life expectancy and low birth rates, we face the prospect of a shrinking and ageing citizen population and workforce.

At current birth rates and without immigration, our citizen population will begin to shrink around 2025. The number of elderly citizens will triple to 900,000 by 2030, and they will be supported by a smaller base of working-age citizens. There are currently about 6.3 citizens in the working-ages of 20 to 64 years, for each citizen aged 65 and above. By 2030, there will only be 2.1 working-age citizens for each citizen aged 65 and above

In line with providing holistic and affordable healthcare and eldercare, Agency for Integrated Care (AIC) was formed as an independent corporate entity in 2009 to be the primary body to advise and guide patients and their families on the use of appropriate healthcare services. It also looks into the enhancement and integration of intermediate and Long-Term Care (also known as step-down care) sector.

The government had also formed the Centre for Enabled Living (CEL) which helps to drive the strategic thrust of providing holistic and affordable healthcare and eldercare. It is a one stop centre for seniors who need eldercare and supportive services via its partnership with service providers.

In line with the strategic thrust of promoting active ageing, the Council for Third Age (C3A) was set up in 2007. C3A provides funding for pilot projects supporting the outcomes of active ageing and serves to educate the public on ageing, through events and exhibitions.

(Source: [http://app.msf.gov.sg/Portals/0/Topic/Issues/EDGD/Brief%20on%20Ageing%20Population%20\(Public\).pdf](http://app.msf.gov.sg/Portals/0/Topic/Issues/EDGD/Brief%20on%20Ageing%20Population%20(Public).pdf))

- **Talent Shortage**

Singapore – Almost four in 10 (37%) employers in Singapore are struggling to fill key vacancies in their organisations. According to the latest Talent Shortage Survey, the top positions local employers have most difficulty filling is production operators, followed by accounting and finance staff, and engineers. Rounding up the top five are secretaries, personal assistants, administrative assistants, and office support staff, and sales representatives.

A lack of available applicants (38%) and lack of technical competencies (14%), are the most common issues employers face on their hunt for talent. To overcome these difficulties, employers said they partner with educational institutions to align with their talent needs (19%), focus more on improving their pipelines (11%) and provide additional training and development to existing staff to fill vacancies (8%). (Source: Manpower Group's Talent Shortage Survey 2013)

The Government initiated Fair Consideration Framework which was explained earlier in this report would assist organisations to find the right local talents for their organisations.

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**

HR has been an established profession for a long time. The past few years have seen significant changes in the perception and outlook of HR by corporate leaders. Today, HR is

viewed as a key player in driving corporate success and customer satisfaction, and no longer just a support function. It is becoming an increasingly vital function in many organisations and businesses, playing the critical role in the sourcing, allocation and application of personnel, expertise and human resources for efficient and productive endeavours.

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.

- **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.

- **Singapore HR Challenge**

Into its 7th year, the Singapore HR Challenge 2014 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.

- **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.

- **To enhance the SHRI accreditation framework and process**
SHRI aims to expand the accreditation criteria so that more HR professionals could qualify. It also wishes to broadcast the benefits of being an accredited HR professional.
- **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 US. 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 2014

- SHRI Outlook 2014 (22 January 2014)
- Singapore HR Challenge 2014 (15 February 2014)
- Leading HR Leaders/Entrepreneurs' Dialogue (26 March 2014)
- Joint Seminar with Khoo Teck Puat Hospital (4 April 2014)
- Leading CEOs Dialogue (07 April 2014)
- HR Day @ SHRI 2014 (28 May 2014)
- Singapore HR Awards Presentation Gala 2014 (11 July 2014)
- Singapore HR Congress & Business-Connect Exposition (09 September 2014)
- SHRI HRD Conference 2014 (11 November 2014)
- Monthly SHRI Engage Sessions and Breakfast Talks (on - going)

Kao Beng Lee, MSHRI
Executive Director
Singapore Human Resources Institute (SHRI)