

# Singapore Human Resources Institute (SHRI)

## Singapore

### 1. Current economic and political situation in the country

#### Economy and labour market situation

In 2014, the Ministry of Manpower (MOM) continued its policies to raise the quality of the workforce and support restructuring of the economy towards productivity-driven growth. These policy objectives continue to be relevant. It remains crucial for the Singapore economy to restructure towards reducing reliance on manpower. With the labour market expected to tighten further as local employment growth slows, businesses should step up efforts to adopt less labour-intensive practices. - See more at: <http://www.mom.gov.sg/newsroom/Pages/labour-market-developments-mar-2015.aspx#sthash.10MvPZz6.dpuf>

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#sthash.onLiaYip.dpuf>

The labour market in Singapore is expected to remain tight in 2015. The Ministry of Trade and Industry (MTI) expects the Singapore economy to grow by 2% to 4% in 2015. Labour demand will remain high this year, with the Services sector expected to be a major contributor to employment growth. With labour supply remaining tight, there is likely to be upward pressure on wages in labour-intensive sectors such as Construction, Retail, and Food Services. Wage increases cannot be sustained in the long-run without productivity improvements. Continued efforts to improve labour productivity should remain a primary focus across all sectors.

During the last two years of economic restructuring, employers have been able to meet their manpower needs by hiring locals in larger numbers. This is evident in the strong employment growth, with local employment growing by 82,900 in 2013 and 96,000 in 2014, amidst foreign employment growth (excluding FDW) slowing from 48,400 in 2013 to 26,000 in 2014. The growth in local employment is a positive development and has contributed to better employment outcomes for locals. The recent jump in local workforce growth in the last 2 years to meet labour demand is likely to taper significantly going forward. Our demographic realities mean that for the second half of this decade, the growth in the working-age population will slow.

Recent gains in labour force participation rates cannot continue at the same pace. Local employment growth is therefore expected to slow considerably, averaging 20,000 a year in the last part of this decade. At the same time, given Singapore's physical and social constraints, foreign manpower policies will remain tight to maintain growth at a sustainable pace. Consequently, employers will find it harder and more costly to hire workers, local or foreign, to meet their manpower needs.

Given the dynamics ahead in our labour market, firms have to shift towards more skills- and capital-intensive ways to grow. They will need to focus on the quality, not quantity, of the workforce as a key source of growth, productivity and competitiveness. This will require not just automating tasks and improving processes, but also making significant investments in the skills and development of their employees. The window to make such changes is narrowing, and it is crucial for businesses to adjust in order to survive and thrive in the new normal of slower workforce growth. - See more at: <http://www.mom.gov.sg/newsroom/Pages/labour-market-developments-mar-2015.aspx#sthash.10MvPZz6.dpuf>

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#sthash.COWGag6P.dpuf>

(Source: Ministry of Manpower 2015)

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 present times.

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 2014. Our life expectancy is also 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. As workers retire and as fewer young Singaporeans enter the workforce, Singapore's citizen old-age support ratio - the ratio of citizen in the working ages to each elderly citizen - is projected to fall from 5.9 to 2.1 between 2012 and 2030.

With our growing number of senior citizens, healthcare and long term care spending is expected to increase. As a result, the smaller base of economically active citizens may have to pay higher taxes to support the ageing population and their growing needs.

Singapore is a key hub for many businesses serving the Asia markets. They may consider moving out of Singapore if manpower needs are not met. As businesses scale back, job opportunities for Singaporeans will be limited. With less attractive job opportunities in Singapore, more highly-skilled Singaporeans will start to seek opportunities elsewhere. This may cause a vicious cycle, further shrinking the size of the workforce.

As the economy stagnates, it will be difficult to garner fiscal resources to invest in physical infrastructure for instance, or to address the needs of lower-income Singaporeans. Without economic growth, social and welfare programmes can quickly become unsustainable.

Besides just getting older and smaller, our citizen population is also growing increasingly educated. We will need to decide how to meet the challenges of our demographic changes and its impact on economic growth. This will allow us to calibrate our policies so that we can continue to create good job opportunities for Singaporeans in the long run.

[http://www.gov.sg/government/web/content/govsg/classic/factually/Factually\\_291012\\_HowdoestheshrinkinglocalworkforceaffectSingaporeseconomy](http://www.gov.sg/government/web/content/govsg/classic/factually/Factually_291012_HowdoestheshrinkinglocalworkforceaffectSingaporeseconomy))

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**

Employers worldwide continue to be plagued by talent shortages, revealing that the war for talent is far from over. According to Talent Shortage Survey by Manpower Group, 36% of global employers are having difficulty finding candidates with the right skills to fill open positions. This percentage has increased and has been identified to be at its highest level since 2007.

More than five out of 10 employers (54%) who are experiencing such shortages stated lack of talent has a medium or high impact on their ability to meet client needs. 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

All-round Accountants, Legal Counsels, and Sales Administrators are just some of the many skills in demand as Singapore's expanding economy continues to create new jobs. According to the latest Hays Quarterly Hotspots list of skills in demand, Singapore remains a candidate-driven market where there is strong competition for good talent in all areas. Yet a paradox exists. At the

same time as the number of long-term unemployed is increasing, so too are the number of vacancies, which suggests that the available labour does not always have the skills employers want. (<http://sbr.com.sg/hr-education/commentary/singapore-skills-shortages-persist-economy-expands>).

### 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.

In 2014, SHRI worked with Vietnam's TalentNet and was its Knowledge Partner to create the inaugural Vietnam HR Awards 2014.

- **Singapore HR Accreditation**

HR has been an established profession and 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 a 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.

In December 2003, SHRI commenced a comprehensive study on the accreditation of the HR profession in Singapore. SHRI reviewed the practices of accreditation bodies in Japan, Australia, New Zealand, Germany and the United States. We analysed the HR accreditation and certification schemes in various jurisdictions. We also looked into the Body of Knowledge Framework as promulgated after World Federation of Personnel Management Associations (WFPMA). This Body of Knowledge Framework presents a broad overview of the various competencies needed and expected of HR practitioners.

From this comprehensive study, SHRI developed a Singapore model of accrediting HR practitioners. This Singapore model adopts the best worldwide HR practices and takes into account local needs. The model was presented to senior practitioners in Singapore in several dialogue sessions to iron out the kinks in the model. This has resulted in the Singapore HR Accreditation Framework, which SHRI proudly presents to the HR profession in Singapore.

In 2014, a review done by the HR Accreditation Board - that comprises senior practitioners from various industries and sectors – took into consideration the competencies reflected in the Workforce Development Agency's (WDA) HR Work Skill Qualification (WSQ) Framework. These competencies were classified into their respective levels, and mapped into the HR Accreditation Framework to refresh and keep the framework relevant to today's HR landscape.

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.

- **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 8<sup>th</sup> year, the Singapore HR Challenge 2015 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 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 2015**

- SHRI Outlook 2015 (28 January 2015)
- Singapore HR Challenge 2015 (31 January 2015)
- HR Day (1 March 2015)
- Leading HR Leaders/Entrepreneurs' Dialogue (1 April 2015)
- Leading CEOs Dialogue (22 April 2015)
- Breakfast Talk with Prof. Peter Capelli (26 April 2015)
- SHRI Forum (May 2015)
- SHRI Global HR Seminar 2015 (10 July 2015)
- SHRI's 50<sup>th</sup> Anniversary Gala 2015 (10 July 2015)
- Singapore HR Congress & Business-Connect Exposition (16 September 2015)
- SHRI HRD Conference 2015 (4 November 2015)
- Monthly SHRI Engage Sessions and Breakfast Talks (on - going)

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