

Companies get more control over training dollars

Firms also get help in business transformation, job redesign under Budget upgrades to SkillsFuture initiatives

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THE latest changes to Singapore's SkillsFuture efforts will give companies more control over matching training to workforce needs - an improvement on earlier measures, watchers told The Business Times on Tuesday.

Deputy Prime Minister Heng Swee Keat, outlining what he dubbed "the next bound of SkillsFuture", unveiled Budget plans to "enhance the role of enterprises in developing their staff".

That's even as the training participation rate rose from 35 per cent in 2015, when the SkillsFuture campaign was launched, to 49 per cent in 2019.

The Productivity Solutions Grant, which was introduced in 2018 and co-funds the take-up of digital solutions and equipment, will now cover job redesign consultancy services as well.

Mr Heng also raised plans to work with 40 large "anchor enterprises" and support training across their supply chains, which could benefit 4,000 SMEs over the next five years.

Another new measure is a SkillsFuture Enterprise Credit of S\$10,000 for each company to defray up to 90 per cent of business transformation, job redesign, and skills training costs.

"In line with our focus on the role of industry in SkillsFuture, we will also recalibrate government funding towards training providers and courses with a stronger link to job and wage outcomes," said Mr Heng, who is also the Minister for Finance.

That's on top of the one-off SkillsFuture Credit top-up of S\$500 for Singaporeans aged 25 years and up, which will expire in five years' time. Citizens had started off with a balance of S\$500 each, and more than 500,000 have since used their credits.

Now, DBS senior economist Irvin Seah has said that bringing companies deeper into the process of spending training dollars "will be more impactful" in plugging skills gaps than the use of individual credits alone: "This will tighten and sharpen the entire SkillsFuture scheme," he told BT.

"SME owners are best placed to identify the critical skills that are needed for their own business transformation," added PwC Singapore partner Wilson Chew, from the entrepreneurial and private business (strategy) practice. "This is meaningful if workers' competencies and contributions evolve in tandem."

Selena Ling, chief economist at OCBC Bank, also noted that the scheme could get firms "to train and re-train workers rather than retrench workers for affected firms" during the downturn of the Covid-19 epidemic.

Lee Tiong Heng, global investment and innovation incentives leader at Deloitte, figured that the policies, especially the Productivity Solutions Grant and SkillsFuture Enterprise Credit, "will be warmly welcomed by SMEs" as SMEs will get help to stay in the black, while still investing in their staff.

But Faizal Yahya, a senior research fellow at the Institute of Policy Studies who studies SME transformation, warned that companies should grasp their transformation goals and human capital needs before they move to tap the extra SkillsFuture funding.

Some employers were also mixed on how big a splash the SkillsFuture Enterprise Credit scheme - which is expected to reach more than 35,000 companies, mostly SMEs - will make.

Toby Koh, managing director of Ademco Security Group, which has more than 200 employees in Singapore, called the size of the Enterprise Credit "not equitable", adding that the amount should have been tailored to each company's headcount.

Still, Nisha Paramjothi, senior vice-president of investments and strategy at digital payments startup MatchMove, said "every bit counts". The firm, which also operates in the region, has 30 staff members here.

"There will always be a shortage of tech talent due to the constant demand driven by the waves of changes in technology and a limited supply of talent," said Ms Paramjothi, naming artificial intelligence and blockchain as areas where skills are needed.

DBS' Mr Seah remarked that bigger companies would have more resources to send workers for training, while Deloitte's Mr Lee noted that although the amount is not hefty, "it is a targeted measure to benefit the SMEs more than the larger enterprises".

Meanwhile, Mr Heng also said the capacity of SkillsFuture Work-Study Programmes would be more than doubled by 2025, to bring the cohort participation rate from 3.5 per cent now to a target of 12 per cent. Some 350 students had enrolled in a work-study degree programme as of last year. All told, "our SkillsFuture movement seeks to enable our people to learn, develop new skills, and stay employable", Mr Heng said in his speech.

On the latest skills measures, Rob Bryson, managing director of recruiter Robert Walters, told BT: "Overall, we believe that (the) initiatives introduced will help job seekers upskill and become more industry-ready."

He added that businesses now have "more incentive to hire talent with high potential and train them".