

## Developing a Singaporean Core in our Workforce

By Faizal Bin Yahya  
*IPS Research Fellow*

In his New Year's Day Message 2013, Prime Minister Lee Hsien Loong highlighted the need to maintain a strong Singaporean core in the country's population policy. PM Lee added, apart from numbers, that a strong Singapore core is also about the spirit of Singapore, "who we are, what ideals we believe in and what ties bind us together as one people."<sup>1</sup> This article will examine this issue from the aspect of human capital.

Human capital is central to the debate because in terms of numbers alone, in June 2012, non-residents comprised 1.23 million of the total workforce of 3.36 million.<sup>2</sup> In addition, Singaporeans are becoming better educated, with more opportunities to pursue higher education. In 2013, 70 per cent of citizens aged 25 to 29 have diploma qualifications and above, compared to 29 per cent of those aged 45 to 49.<sup>3</sup> More Singaporeans have also been upgrading themselves via post diploma qualifications offered by the polytechnics or vocational pathways in the Workforce Skills Qualifications (WSQ) system. By 2030, the number of Singaporeans in Professional, Managerial, Executive and Technical (PMET) jobs is expected to rise by nearly 50 per cent to about 1.25 million compared to 850,000 in 2013. At the same time, the number in non-PMET jobs is expected to fall by over 20 per cent to 650,000 compared to 850,000 in the same period. Overall, two-thirds of Singaporeans will hold PMET jobs in 2030.

Aspirations and expectations will increase with better education and qualifications, and jobs have to be created for these increasingly better-educated Singaporeans. Acting Minister for Manpower, Tan Chuan-Jin highlighted three themes on the development of a Singaporean core in the workforce. First, to ensure that good jobs are available to Singaporeans. Second, to ensure a good work environment for all workers in Singapore. Third, to continue developing Singaporeans in order to nurture them as well as to assist them in remaining

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<sup>1</sup> Prime Minister Lee Hsien Loong's 2013 New Year Message.

<sup>2</sup> Janice Heng, "Labour force numbers up as more Singapore residents join work force", *The Straits Times*, 31 January 2013.

<sup>3</sup> A Sustainable Population for a Dynamic Singapore, Population White Paper, National Population and Talent Division, Prime Minister's Office, Singapore, January 2013, URL: [http://www.nptd.gov.sg/content/NPTD/news/\\_jcr\\_content/par\\_content/download\\_98/file.res/population-white-paper.pdf](http://www.nptd.gov.sg/content/NPTD/news/_jcr_content/par_content/download_98/file.res/population-white-paper.pdf).

employable so that they can provide for their families.<sup>4</sup> Back in 2006, former senior civil servant Ngiam Tong Dow, made this now famous quote, “grow your own timber”, with reference to the need to develop and nurture local small and medium enterprises (SMEs) in Singapore.<sup>5</sup> Ngiam was speaking in the context of Singapore’s economic model that seemed to place greater emphasis on multinational companies (MNCs) instead of its own SMEs.

Ngiam commented, “I’m not a supporter of SMEs just for the sake of more SMEs, but we must grow our own roots. Creative Technology’s Sim Wong Hoo is one and Hyflux’s Olivia Lum is another but that’s too few. We have been flying on auto-pilot for too long. The MNCs have contributed a lot to Singapore but they are totally unsentimental people. The moment you’re non-competitive, they just relocate.”<sup>6</sup>

In Singapore, SMEs are defined as companies with annual sales turnover of not more than \$100 million and employee size of not more than 200 workers.<sup>7</sup> It could be argued that SMEs are more critical in terms of employment and business activities compared to MNCs, as SMEs form 99 per cent of all enterprises in Singapore and employ seven out of every 10 workers. In addition, SMEs contributed to more than 50 per cent of economic output and 70 per cent of employment.<sup>8</sup>

In relation to employment practices, developing and nurturing the talents of a Singaporean core to its fullest potential are crucial. In this regard, while some have been critical about the Ministry of Manpower’s recent regulations and guidelines about fair employment practices (rolled out in September 2013), it is only reasonable and fair that companies including MNCs operating in Singapore bear a responsibility to the local communities in their employment practices.<sup>9</sup> In essence, this forms a large part of the social compact that the government has with Singaporeans. The measures aimed at developing a Singaporean core in the workforce included targeting specific sectors such as the following:

### **Banking**

The financial industry is one of the key sectors in a knowledge-based economy but has been often criticised as not providing equal opportunities for Singaporeans. Deputy Prime Minister Tharman Shanmugaratnam and Acting Minister Tan Chuan-Jin have had meetings with the senior management of several financial institutions on a number of occasions to emphasise that they should make a more concerted effort to develop a local talent pipeline. The senior management of these financial institutions, to their credit, had agreed that they had not paid enough attention to hiring practices in their respective institutions and as a result unhealthy

<sup>4</sup> “Developing the Singaporean Core in our Workforce”, Committee of Supply (Speech 2) by Mr. Tan Chuan-Jin, Minister of State for Manpower and National Development, Parliament, Singapore, 5 March 2012.

<sup>5</sup> Interview with EDB Society President, Ngiam Tong Dow, 26 May 2006, URL: <http://jadeite.ketsugi.com/2006/05/16/interview-with-edbsocietypresident-mr-ngiamtongdow/#more-1122>

<sup>6</sup> Ibid.

<sup>7</sup> Definition from Spring Singapore website, URL: <http://www.spring.gov.sg/AboutUs/PI/Pages/Performance-Indicators.aspx>

<sup>8</sup> “MTI announces measures to help SMEs improve their productivity”, Channel NewsAsia, 3 December 2012.

<sup>9</sup> “Fair & Inclusive Work Places for Singaporeans”, Committee of Supply Speech (Part 4), Acting Minister for Manpower, Tan Chuan-Jin, 14 March 2013.

enclaves have emerged.<sup>10</sup> In this regard, there is a need to be more conscious of having diversity in their workforce to avoid clustering among their employees based on nationalities. The Ministry for Manpower (MOM) and Tripartite Alliance for Fair Employment Practices (TAFEP) have also engaged HR managers and companies' management to remind them of their obligations to attract and nurture Singaporeans based on merit.

### **Scientific R&D**

Singapore is working towards wooing back home its top scientists working abroad. Under the Returning Singaporean Scientists scheme, local research institutions and universities will head-hunt these scientists to take on leadership positions, such as heads of laboratories or institutes in Singapore. Under the scheme, measures such as full funding support for research work and establishing laboratories at universities in Singapore will be provided.<sup>11</sup> The aim of the scheme is to anchor research capabilities and grow the Singaporean core in R&D.

### **Specific Employment Measures**

In general, the growing number of Singaporeans in the PMET category poses a challenge for the government to ensure that they are not discriminated in sectors such as finance, information technology and communications, which would adversely impact the creation of a Singaporean core in the workforce. The launch of Caliberlink, a one-stop service point for PMETs is aimed at complementing existing career centres at the Community Development Councils and those operated by E2i (Employment and Employability Institute). MOM and the Singapore Workforce Development Agency (WDA) have also launched a continuing education and training initiative for PMETs called STEP (Skills Training for Excellence Programme). The WDA has appointed the Association of Small and Medium Enterprises (ASME) as a programme partner to manage Max Talent, which is a place-and-train programme for SMEs to recruit and retain PMETs.<sup>12</sup> This will help to fulfil the dual purpose of widening employment opportunities for PMETs as well as help SMEs to recruit talent for their respective businesses.

In terms of specific policy recommendations, perhaps Singapore could look to its neighbours such as Indonesia in terms of how they are managing their foreign human capital. In their legislative acts governing manpower, employers are obliged "to appoint workers of Indonesian citizenship as accompanying working partners for workers of foreign citizenship whereby the workers of foreign citizenship shall transfer technologies and their expertise to their Indonesian working partners"<sup>13</sup>. Regarding human resource positions, Indonesian laws state: "No worker of foreign citizenship is allowed to occupy positions that deal with personnel and/or occupy certain positions". The certain positions shall be determined by and specified with a ministerial decision.

<sup>10</sup>. Ibid.

<sup>11</sup>. Grace Chua, "Singapore to woo home top scientists to anchor research capabilities and grow core in R&D", *The Straits Times*, 26 October 2013.

<sup>12</sup>. "Developing the Singaporean Core in our Workforce", Committee of Supply (Speech 2) by Tan Chuan-Jin, Minister of State for Manpower and National Development, Parliament, Singapore, 5 March 2012.

<sup>13</sup>. Act of the Republic of Indonesia, Number 13 Year 2013, Concerning Manpower, State Gazette of the Republic of Indonesia.

With regard to Singapore, in the same vein but not to the same extent, the following are some suggestions: First, to have employers partner Singaporeans with their existing foreign human capital with a view towards the former acquiring the skills necessary to undertake the job at hand on their own. Second, to have employers educate and train workers to obtain the qualifications required to undertake the jobs currently managed by foreign human capital. To a certain extent this is being implemented. Third and perhaps most controversially, to have employers give preference for Singaporeans in the positions dealing with human resource and training. This is to help prevent or mitigate the adverse impact of enclaves – based on nationalities – emerging in specific employment sectors and to provide equal opportunities for Singaporeans in employment and career development.

As the government develops the Singapore core in its workforce, it has to keep its economy open. The economy needs to be transformed whilst pushing for economic growth by investing in infrastructure and training a Singapore workforce to be effective and productive.<sup>14</sup> This has to be complemented from talent all across the globe in order to make Singapore a dynamic economy.

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*The views expressed are the author's and do not represent those of the Institute.*

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<sup>14</sup>. Tan Qiuyi, "Immigration must be politically sustainable for S'pore society: PM Lee", *Today*, 29 October 2013