

Institute of Policy Studies Roundtable

# *Drive Productivity, Work Smarter*

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Roundtable

# *Agenda*

Section one – Becoming a Productivity-driven Economy

Section two – Looking Beyond Productivity

Section three – Productivity – The Challenge

Section four – Measuring Human Capital Productivity

Case Study

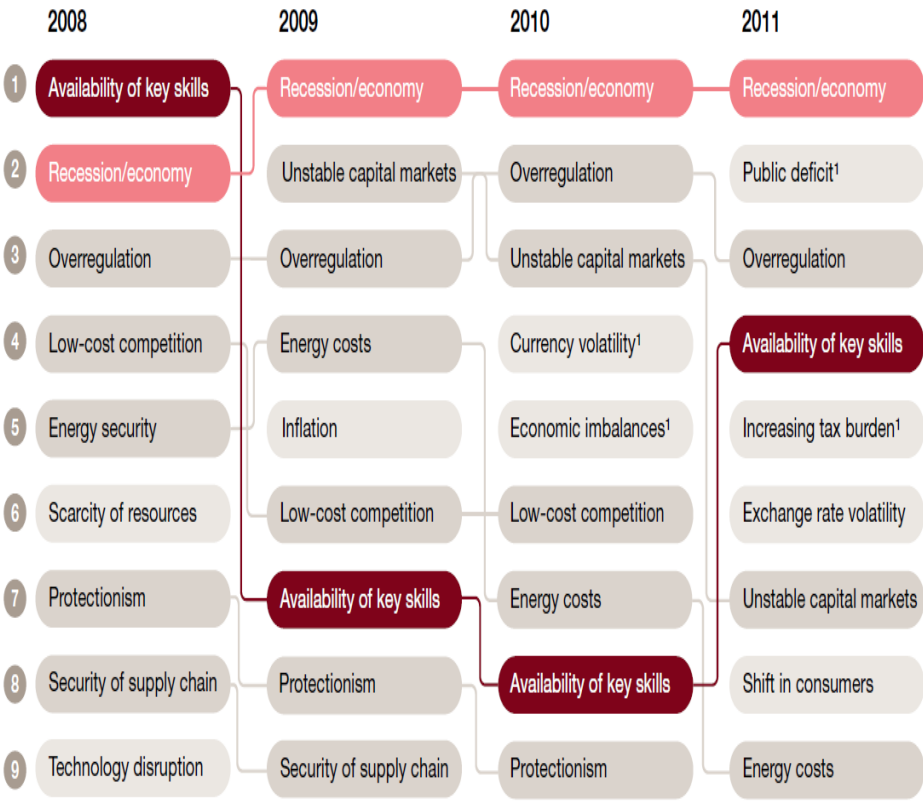
## *Section 1: Becoming a Productivity-driven Economy*

“We are now fast becoming a more matured economy, a more developed economy. To take the next step of productivity improvement requires a lot more thinking to be put into it. It will involve a nationwide mobilisation among the workers, employers as well as Government departments to come together to put in place a system of productivity improvements so that it is a sustainable effort.”

*Manpower Minister of Singapore Gan Kim Yong  
Singapore Tripartism Forum*

*19 March 2010*

# Government and private sectors have shared responsibilities for improving labour productivity



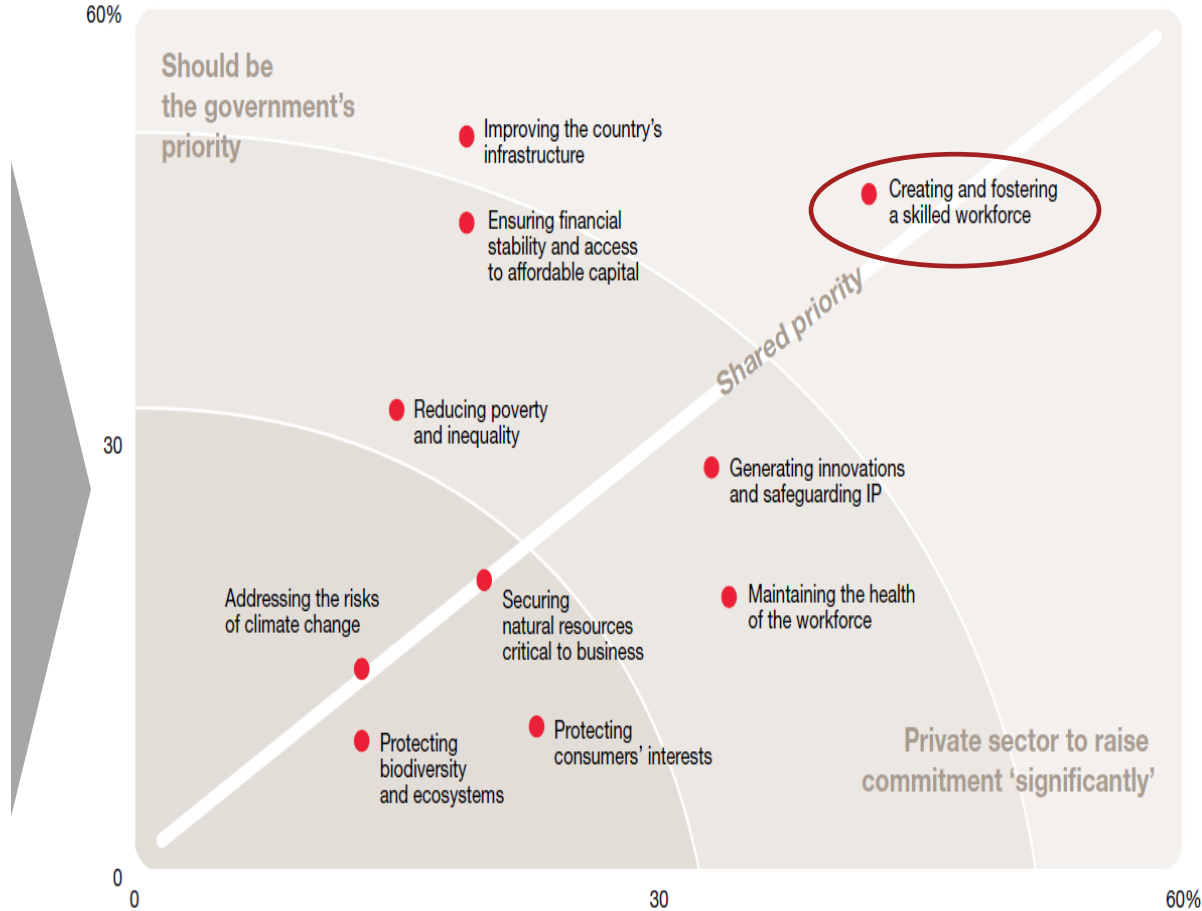
Q: How concerned are CEOs about the following potential economic and policy/business threats to their business growth prospects?

*Key message: Availability of key skills to enhance productivity re-emerges as one of CEO's concerns.*

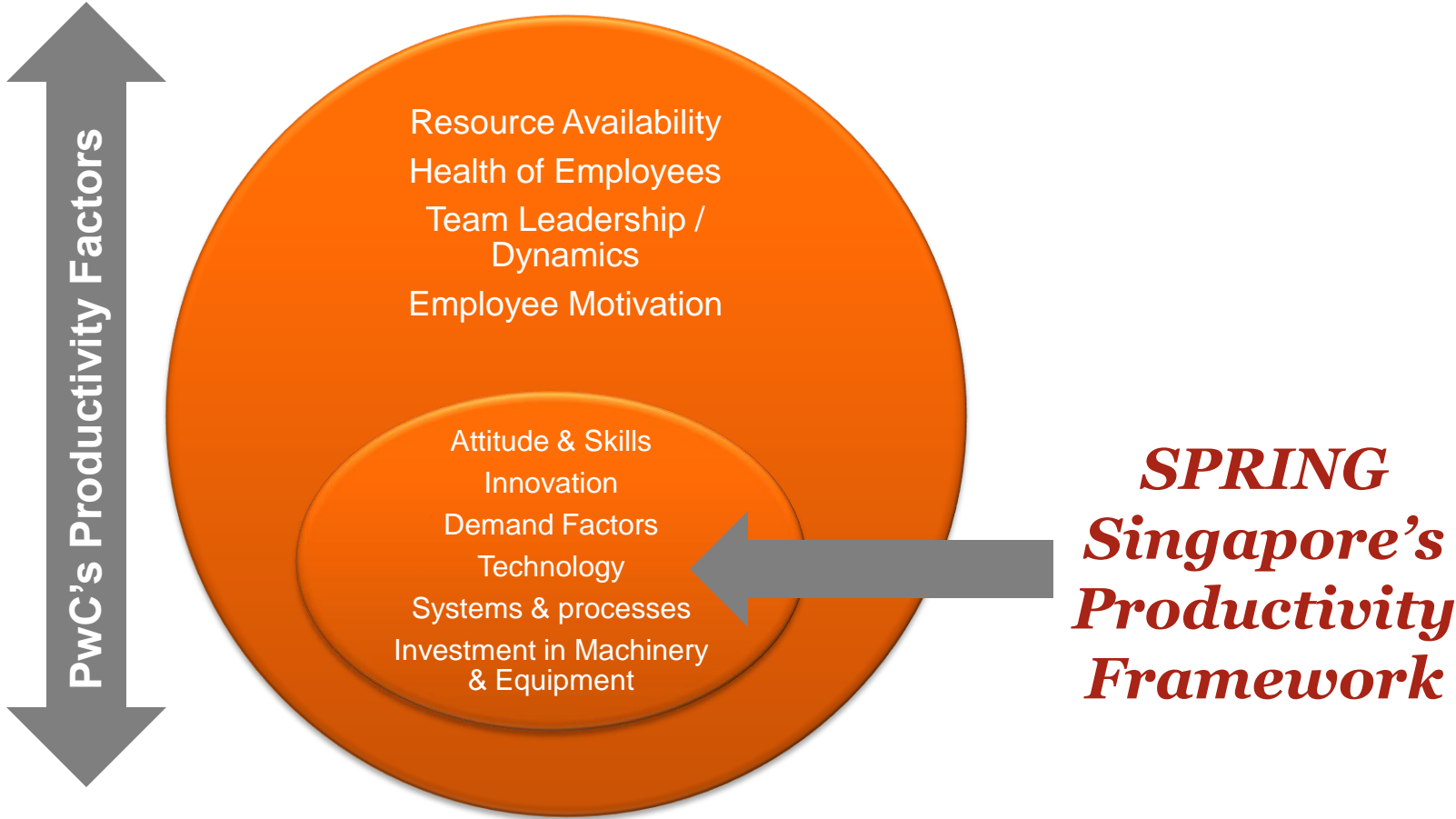
# Government and private sectors have shared responsibilities for improving labour productivity (cont'd)

Q: How much do CEOs plan to increase their commitment in the following areas, to improve national competitiveness and social well-being over the next three years? Which three areas should be the Government's priority today?

*Key message: CEOs see shared commitment with government to create a workforce equipped with critical skills.*



# ***Productivity is a key building block for organisational success***



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## *Section 2: Looking beyond productivity*

*“Talent Management—attracting, retaining, developing and promoting outstanding talent—is one of the critical capabilities that will distinguish a successful organisation now and in the future.”*

*12th Annual CEO Survey*

# CEO views: Increasing emphasis on talent management strategies

*Anticipating talent trends will be a key determinant of success —making a difference in how CEOs pursue and sustain growth and optimise the workforce.*

Q: In response to changes in the global business environment, to what extent do you anticipate changes to the following areas of your company’s organisation or operating model over the next 12 months?



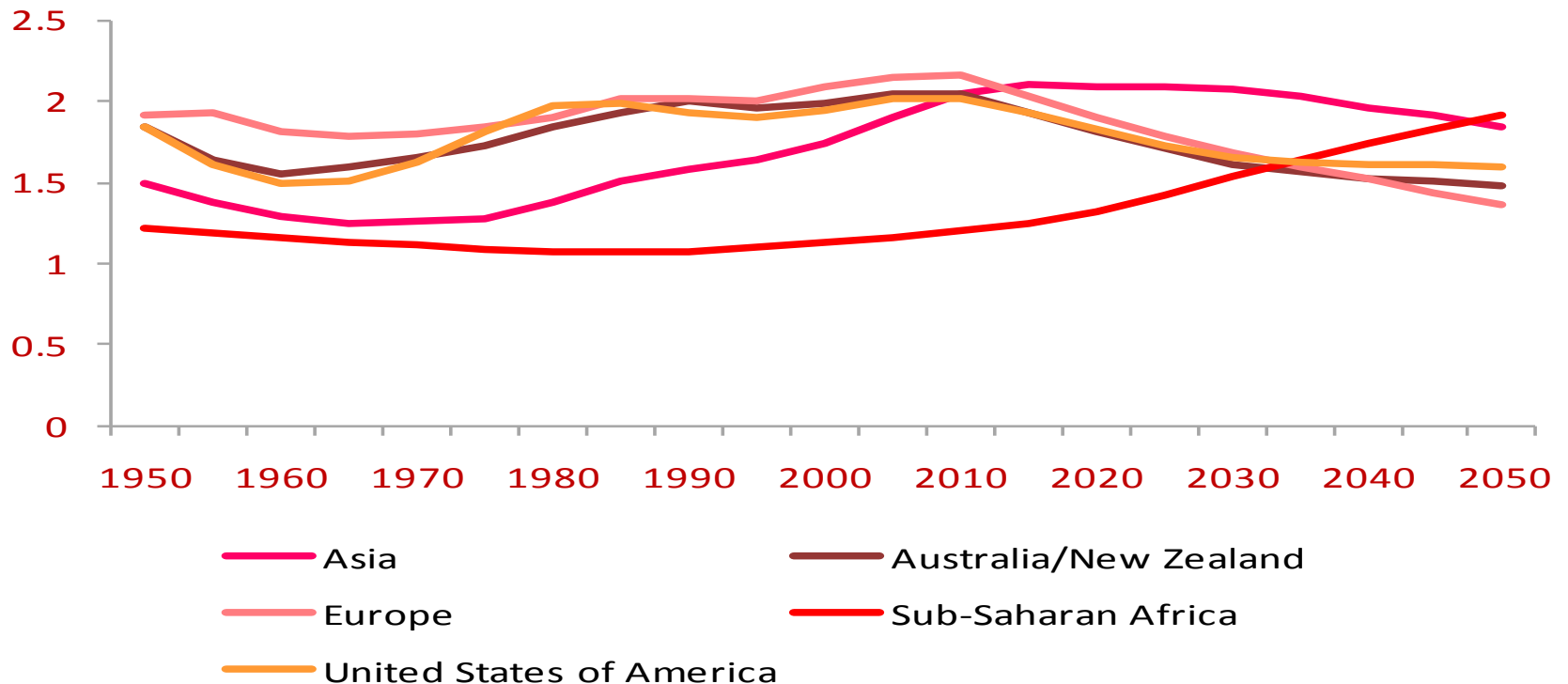
Base: All respondents (1,201)  
Note: Anticipated changes in the companies’ organisation or operating model over the next 12 months  
Source: PwC 14th Annual Global CEO Survey



# Changing demographics reduce talent supply

Declining ratio of working age to dependent population poses constraint on the supply of talent. A shrinking talent pool aggravates the “war for talent” situation.

Ratio of working age to dependent population



# *Millennials redefine future workforce models*

Millennials display diverse characteristics from earlier generations of workforce. The way they work and operate influences the strategies that organisations adopt to attract and nurture tomorrow's leaders.

Techo-savvy	Civic-Minded	Connected 24/7	Educated
Entrepreneurial	Anti- Commitment	Self-Confident	Service- minded
Optimistic	Environmental	Bored by routine	Opinionated
Success-driven	Diverse	Lifestyle- centred	Goal oriented

# Talent mobility is a global talent management driver



## 1970 – 1990

Driven by large MNCs in US and Europe

Talents are sent from the HQ country out into the field to manage operations in other parts of the world

2 to 5 year period

Incentivised with attractive expatriate packages

## 1990 - 2010

New markets emerge resulting in increased demand for global mobility

Offshoring gathers pace

New breed of mobile workers emerges and meets globalisation demand through commuter, rotational and technology-enabled virtual assignments

Talent still predominantly from West to East or intracontinental

Companies begin to tap into rich talent pools in emerging markets, particularly India

## 2020


Global mobility continues to grow and becomes normal.

Talent becomes closely connected and mobility of talent is fluid

# ***Female workforce is a leaking pipeline in Western countries***



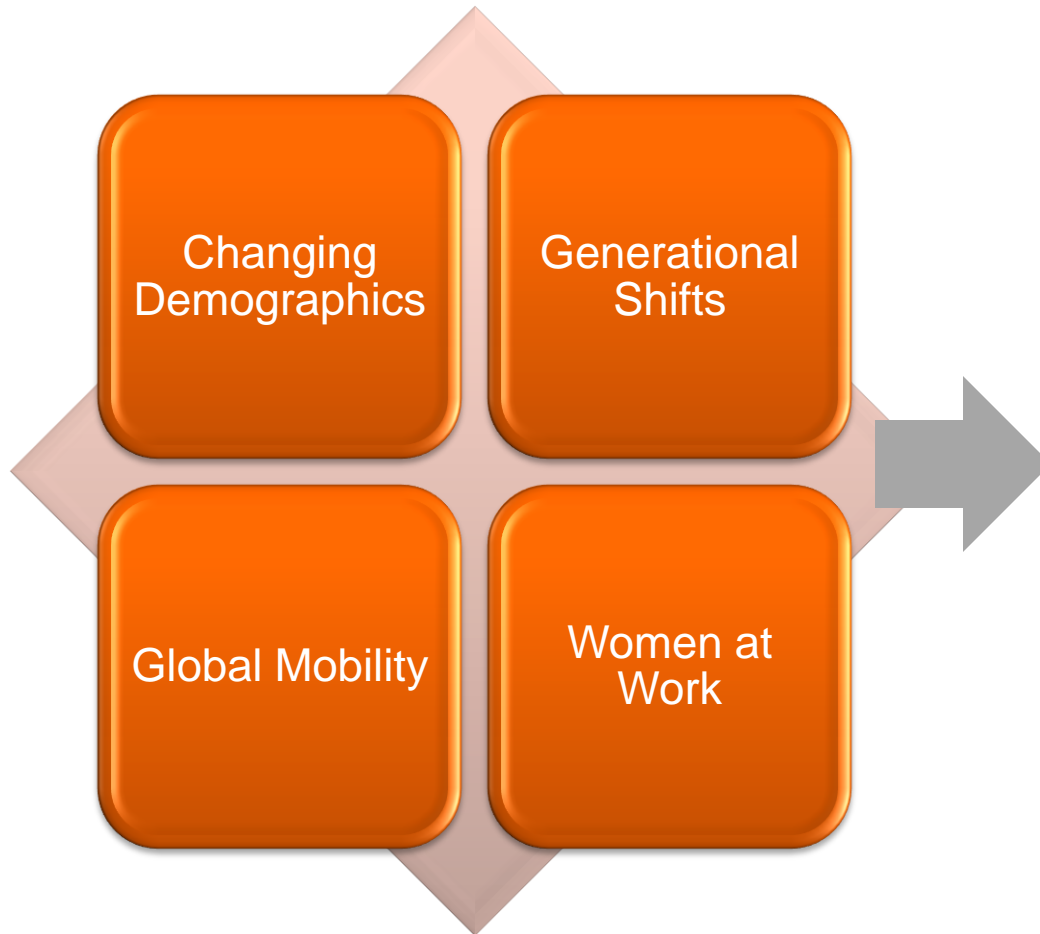
Research commissioned by PwC UK indicates that, in most 'first world' countries, entry-level men and women in the professional services sector are hired at an equal (1:1) rate.



Women are lost from the pipeline through voluntary termination at a rate two or three times faster than men once they have attained the experienced, mid-career, Manager/ Senior Manager level of their careers.

## **Are you seeing similar trends in Singapore?**

# ***Emerging developments present talent gaps in the short term and require immediate solutions***



## ***Bridging talent gaps***

- Improve productivity and efficiency through strengthened training and development programmes
- Focus on talent retention and nurturing talent for the long run
- Moving to sustainable compensation
- Attract economically inactive women back to work

# What it means for organisations...

## Changing Demographics

- Loss of expertise and difficulty in replacing critical knowledge/skills when baby boomers retire
- Declining birth rates imply a shrinking pool of high calibre candidates

- Retention strategies to encourage critical staff to continue working beyond retirement age
- Relook at what organisations need to offer to attract emerging talent
- Invest in training and development as well as job redesign to maintain productivity of mature workforce
- Succession planning becomes critical

## Generational Shifts

- A need to respond to changing needs of millennials
- Different generations at work bring about different perspectives, experiences and values

- Instill a sense of purpose and meaning to the work to engage millennials
- Provide long term career development opportunities and multiple experiences within a single organisation
- Enhanced use of technology-enable tools
- Incorporate mentorship and training programs
- Develop diversity strategies to allow varying generations to leverage on each other's differences and strengths
- Ensure fair employment and promotion

## Global Mobility

- Flow of talent will move towards emerging cities

- Monitor progress of increasing assignee numbers and redevelop mobilisation strategies
- Revisit remuneration policies and determine how compensation packages are developed as workers adjust to new roles in new cultures

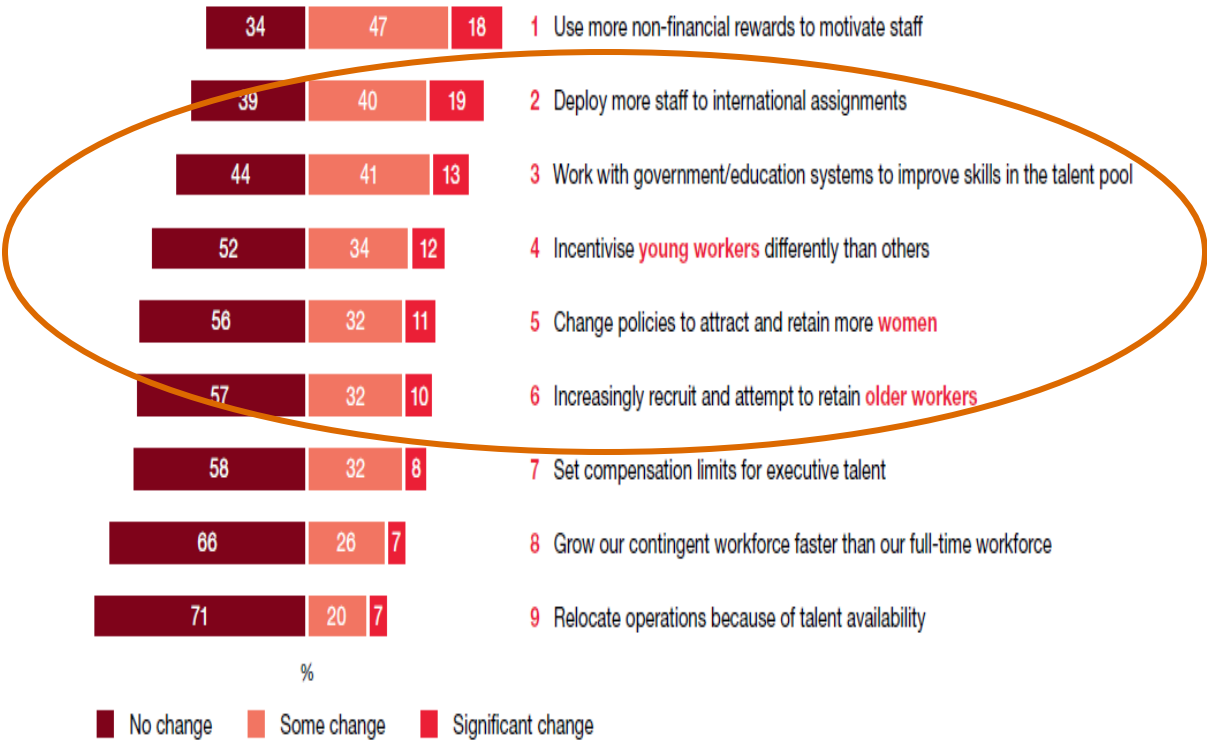
## Women at Work

- Greater demand for flexible working arrangements for women to uphold dual responsibilities, at home and at work

- Build flexibility in the work place
- Work on changing the mindsets of organisations to enhance participation
- Leverage on technology to develop flexible work arrangements

# CEOs are aligning their people strategies to be in line with emerging developments

Q: To what extent do CEOs plan to change their people strategy in the following ways over the next 12 months?



*Business leaders indicate that they will make adjustments to their people strategies to tackle the complex talent issues and determine how to deploy the right talent with the right skills at the right time.*

Base: All respondents (1,201)  
Note: Plan to change people strategy in the following 12 months  
Source: PwC 14th Annual Global CEO Survey

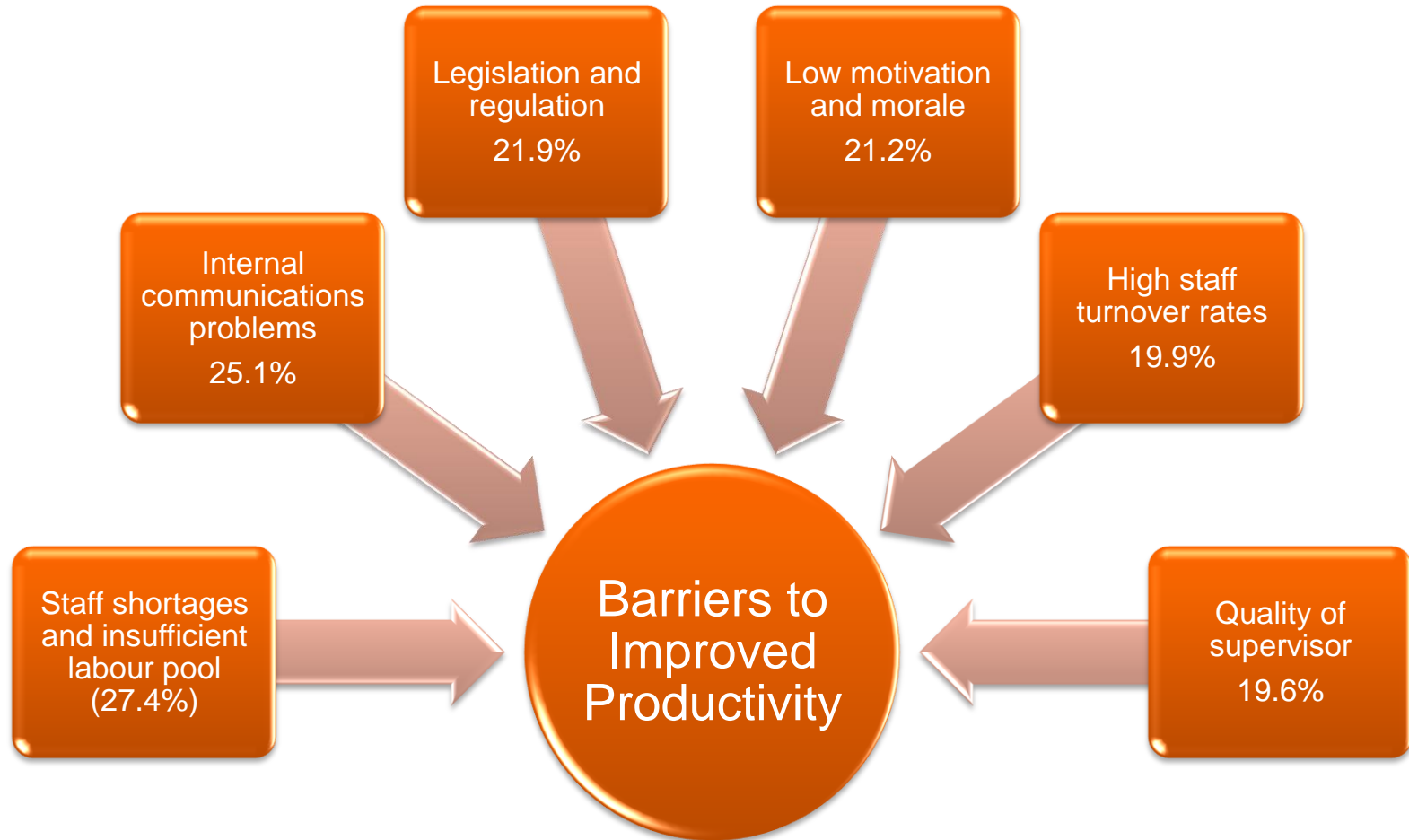
## *Section 3: Productivity – The Challenge*

*“Even including the exceptional productivity growth we experienced last year on the back of strong GDP growth, productivity improvements contributed to just one-third of our economic growth over the past decade... it needs to drive two-thirds of economic growth in the next decade, if Singapore is to meet its goal of 3-5 per cent annual growth.”*

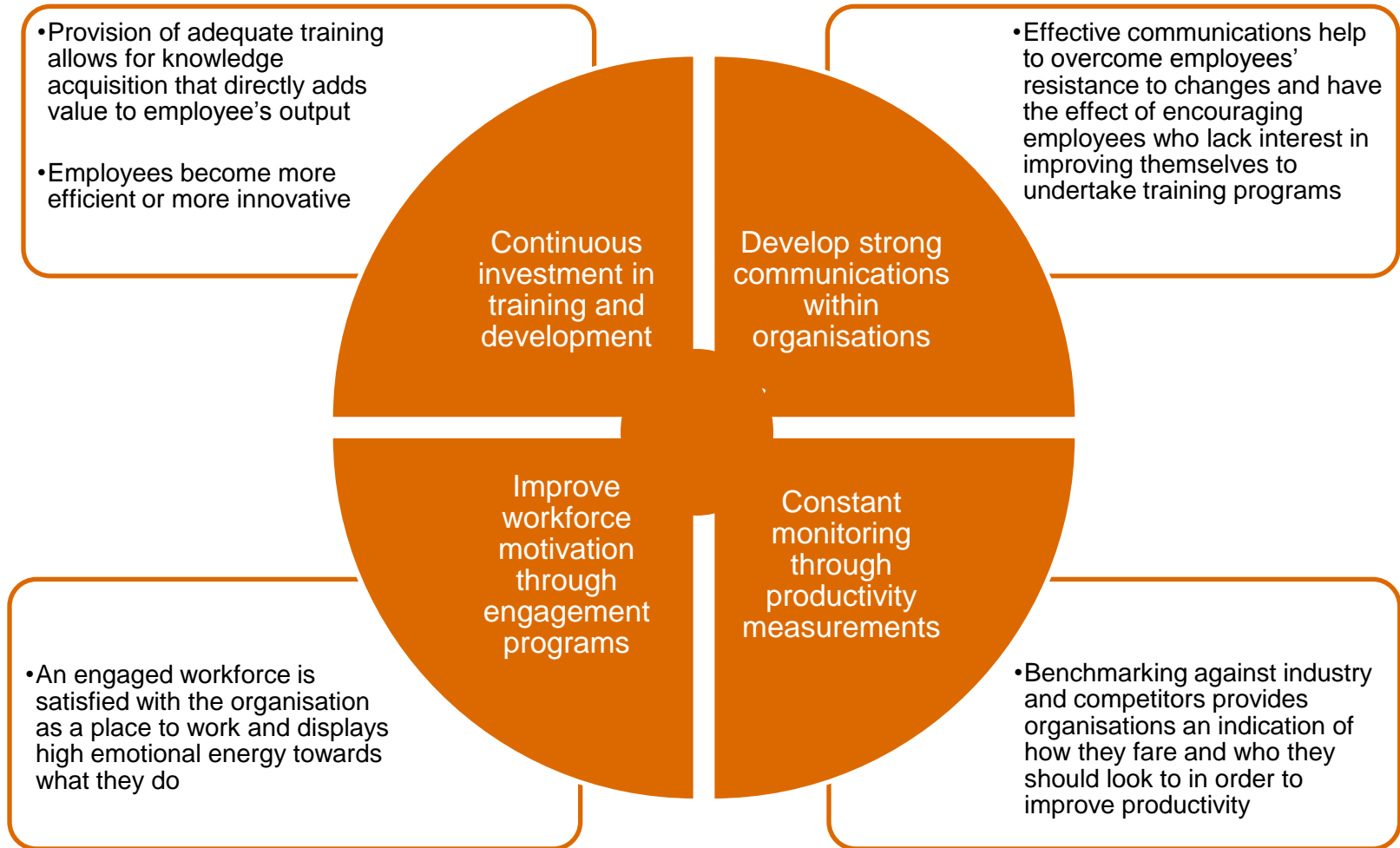
*Tharman Shanmugaratnam  
Minister for Finance of Singapore  
Budget 2011*



# *Ensuring a pipeline of skilled workforce becomes critical*



# Responding to productivity needs



## *Section 4: Measuring Human Capital Productivity*

*“In current market conditions, chief executives, finance, and human resource directors are under increasing pressure to ensure their human capital is competitive. Stakeholders want clear, evidence-based explanations about how people are creating value for their organisations. Leading organisations use people measures as key performance metrics.”*

*PwC Saratoga*

# Examples of Key Metrics in Human Capital Engagement

## Bringing in the right people

Recruitment rate

Cost per hire

Acceptance rate

Time to accept

Rookie ratio (short tenure employees)

Graduate recruitment: volume, cost and retention

## Rewarding people

Average compensation

Average benefits

Benefits/Compensation

Performance related pay

Attendance related pay

High incentive ratio

## Developing people

L&D investment per FTE

L&D hours per FTE

Learning type i.e. technical vs. developmental

Learning coverage (proportion of workforce receiving training)

Delivery channel: in-house vs. external

## Losing people

Absence rate (and the cost of absence!)

Termination rate

Involuntary termination rate

Cost of resignations

Resignations by length of service

Dismissal rate

Average tenure

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## ***Case Study: Building Insight into People Performance***

*PwC was engaged by an utility company in UK to develop a portfolio of people and HR measures that aligned with its business and people strategy. The project aims to help the client understand key issues such as function efficiency and service levels, workforce productivity, engagement and process effectiveness.*

# ***Case Study: Building Insight into People Performance***

**Issue / Background**

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**PwC's Saratoga's Approach**

**Outcome**

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**If you would like to discuss any of the issues raised in this presentation, please contact us to find out more.**



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