Human Capital Development in Singapore

Chris Leggett, James Cook
University, Queensland, Australia
‘Human Capital’

Conceptualized as:

…concerned with activities that will influence future monetary and psychic income by increasing the resources in people’. These activities are called investments in human capital…. [A]ll these (Becker, 1964: 11)

Euphemism or metaphor for ‘labour’?
Human Capital embodies the collective expertise and capabilities of [Singapore’s] workforce. When nurtured carefully, it can be optimized for competitive advantage. This challenge is a shared responsibility among the stakeholders of our economy – the government, the employers and the unions.

In preparing our workforce for the New Economy, we focus on the four dimensions of Human Capital – Knowledge Capital, Imagination Capital, Emotional Capital and Social Capital. (Ministry of Manpower, 2001: 12).
Accumulation of ‘Human Capital’ Singapore

- **Knowledge capital** accumulation is through manpower planning policies
- **Imagination capital** accumulation is through the promotion of skills and literacies
- **Emotional capital** accumulation is through the market for talent and the transformation of the work environment
- **Social capital** accumulation is through labour harmony, the tripartite partnerships and human resource management. (Ministry of Manpower, 2001: 14-52).
Singapore Context of ‘Human Capital’ Development 1

• Island city state of 700 kms2
• Former British Crown Colony and entrepôt
• Rapid industrialization 1960 to 1979
• Second industrial revolution 1979 1997
• ‘Human Capital’ Development from 1997
• Highly Responsive to global crises
• PAP government of pragmatism and corporatism
Singapore Context of ‘Human Capital’ Development 2

- **Population** 5.18 million
  - ‘non-resident’ foreigners 27%
  - ‘resident Singaporeans and permanent res. 73%
    - Multi-ethnic: Chinese 74%; Malays 13%; Indians 9%
    - Ageing: 7.9 (15-64): 1 (65 and over)

- **Workforce** 3.3 million
  - ‘non-resident’ foreigners 1.2 million
  - ‘resident’ 47% tertiary educated
  - ‘resident’ 78% services, 15% manufacturing; 5% construction
Singapore Employment Relations

Tripartite Regulation

– Ministry of Manpower (MOM)
– Singapore National Employers’ Federation (SNEF)
– National Trades Union Congress (NTUC)
  • Trade Unions Act 1940
  • Trade Disputes Act 1941
  • Criminal Law (Temporary) Provisions Act (1955)
  • Industrial Relations Act 1960
  • Industrial Relations Amendment Act 1968
  • Employment Act 1968
  • National Wages Council Act 1972
  • Trade Unions (Amendment) Act 1982
Features of Singapore Skills Development

Five features characterize Singapore’s approach:

1) government-shaped national human resource policies tailored to each phase of economic development;
2) incentives for foreign investors to collaborate with the state in establishing training centers;
3) a ‘skills development fund’ that collects money from and redistributes money to employers as skills-training grants;
4) an education policy that promotes long-term skills development; and
5) communication and coordination among government agencies involved in skills development, buttressed by a tripartite structure that gives labor, management, and government a place at the table. (Kuruvilla, 2006: unpaginated).
Workforce Development Singapore 1960-1979

Rapid Industrialization

1969      NTUC-PAP Symbiosis, ‘Modernization’
1969      EDB’s Industrial Training Centres
1972      Creation of National Productivity Board
1973      Industrial Training Board
1974      NTUC Workers’ Education Program
1975      EDB extension to management training
Workforce Development Singapore 1979-1997

**Economic restructuring**

1979    NWC recommendations
1979    ITB upgraded to VITB
1980    New Education System: schools’ curriculum
1980    Universities merged to NUS, polytechnics expanded
1980    Employers merged to form SNEF
1980    Basic Education for Skills Training (BEST)
1984    Skills Development Fund (SDF)
1992    VITB upgraded to Institute of Technical Education (ITE)
Manpower planning for a talent capital

1997    Asian financial Crisis
1997    Ministry of Labour to Ministry of Manapower
2000    *National Human Resources Handbook* (MOM)
2001    9/11
2001    *Human Capital* (MOM)
2003    Workforce Development Agency (WDA)
2008    GFC

Growth of India and China and alternative Asian economies
Management Development

- independent private social networks
- public institutional framework
- Hybrid Skills Development Programme
- CET plan sets goals for PMETs
- 24 diverse institutions
  - Singapore, e.g., Civil Service College
  - WDA-SNEF
  - Foreign Business Schools, e.g. INSEAD
  - University niche schemes
  - International exposure schemes, e.g., lawyers
Technicians and Technical Staff

- Universities
- Polytechnics 40%
- WDA – in-house Workplace Skills Qualification
- Institute of Technical Education (ITE) 25%
  - Key competencies (Germany)
  - Curriculum methodology (USA)
  - On-the-job (Japan) Approved T Ccentres
  - Apprenticeship Training – customised
Production and White Collar Workers

• Foreign workers largely excluded
• CET holistic plan for Singaporean Workers
• Productivity focus (tripartite National Productivity and Continuing Education Council)
  – oversees the work of the different government agencies and promotes ‘close collaboration amongst the business sector, workers and unions, and the public sector’ (Ministry of Manpower, 2011).
Cultural Inhibitions

• Comparisons with Western managers
• Weak at people management
  – Internships for HR students
• Prejudice against manual work
  – ITE raises status of manual work
• Problem of managing creativity
  – Conformist political culture
• Dependence on foreign talent
Foreign Workers

- Dependence since the 1970s
- Regulation through employment passes
- Tight labor market and low fertility rate
  - ‘If we do not top up with foreign talent, we will not make it into the top league’ (Lee, 2000: 168)
- Resentment by Singaporeans
- Age demographic
Conclusion

Responsiveness to economic downturns

Favorable observations

Skeptical observations

Singapore ‘requires not only a large enough workforce, but also a stimulating, non-repressive climate conducive to imagination, innovation and adventure, one that can also attract and retain globally mobile talent’. (Tan, 2003).