

**SPEECH BY 2nd MINISTER FOR MANPOWER, MRS JOSEPHINE TEO
AT THE SINGAPORE HUMAN CAPITAL SUMMIT 2017
ON 20 SEPTEMBER 2017**

**“GOING BEYOND PLUG-AND-PLAY: DEVELOPING THIRD SOURCE OF HUMAN CAPITAL FOR
SINGAPORE”**

Distinguished Guests,

Ladies and Gentlemen,

I am pleased to join you at this year’s Singapore Human Capital Summit. To our overseas guests here today, a warm welcome to Singapore.

Outlook for jobs not all gloomy

2 Since the last Summit in 2015, two events in particular were thought-provoking - the Brexit vote and the US Elections last year. In hindsight, both events exposed the deep frustrations felt by broad segments of their societies which had to do with perceived unevenness in the distribution of the gains from economic growth and globalisation.

3 Communities and workers anxious about jobs and their future have begun and will continue to rally for restrictions on trade, immigration and economic integration. Businesses have begun and will continue to face greater uncertainties on tapping the global talent pool.

4 At the same time, there is an urgency to address the fears and doubts over the future of work, and what it means for societies. Fears over machines replacing humans in millions of jobs are compounding fears over intense competition brought about by open markets.

5 As leaders, we should not downplay these very real concerns felt by workers. But we should equally not allow people to be immobilised by fear.

6 There’s no doubt that advances in Artificial Intelligence and machine learning will increase the prevalence of workplace automation. The impact will be widely felt across the whole spectrum of jobs and not just at the lower-end. For instance, natural language processing software can already search massive legal archives more quickly than paralegals.

7 However, concerns about massive job losses may be overstated as most jobs are made up of many tasks, not all of which can be easily automated. Just yesterday, I visited a printing factory where a new intelligent scanner has been installed to do proof-reading. The intelligent scanner can detect every inconsistency of the printed pages before they are sent for binding, much better than the young woman who was operating it can with the naked eye. But the scanner cannot decide when an inconsistency will be acceptable to the

customer and when it will not be. Human judgment is still needed. There is a need for that human touch.

8 It is quite possible that many jobs will be like this. In fact, a recent OECD study suggests that just about 9% jobs stood a high chance of being substantially automated, far lower than previous estimates.

9 Moreover, if the past is any guide to the future, technology has often resulted in a net creation of jobs. The wave of mechanisation that hit industrialising economies in late 19th century also ushered in a new era of job creation, from machine operators and technicians to railways and electrical workers.

10 In more recent times, new job roles such as digital marketers and cybersecurity specialists have emerged. E-commerce may have displaced retail workers in brick-and-mortar stores but it also created many more jobs in supply chain management.

11 There is a catch though. The prospect of a net addition of jobs available is comforting only to the extent that displaced workers can find ways to access the new opportunities. Otherwise, we will have an unhappy situation of rising unemployment or under-employment coupled with below-potential growth for businesses.

Help businesses transform, help citizens adapt

12 For Singapore, two other factors shape our response to the potential impact of technology. First, the imminent slowdown of workforce growth as a result of smaller cohorts coming of age, “baby boomers” retiring, an already-high labour force participation rate and moderated inflows of foreign manpower. Second, there is a risk productivity and wage growth will stagnate, especially in domestically-oriented sectors.

13 Against this backdrop, we have a real interest in helping businesses transform to be more productive and manpower-lean. It is essential to their continued success in Singapore and ability to provide better jobs for our people. Far from cold-shouldering technology and innovation, we welcome their potential to uplift productivity for our businesses and help sustain wage growth for our people.

14 This is why Singapore’s approach is to embrace technology and innovation. Our focus is to support businesses as they transform, and enable our citizens to adapt. It is an activist approach with initiatives relevant to both businesses and individuals.

15 The winners of this year’s Asian Human Capital Award embody the spirit of innovation and people-centric leadership that we hope to see more of. You are exemplary companies that have taken active steps to develop your workforce even as you transform. I hope that the rich experiences and practical insights shared by the winners will inspire others to embark on their own human capital development journeys.

Expand talent pipeline through the “third source”

16 Singapore will continue to be a partner to all businesses that seek growth through innovation and human capital development. In terms of access to talent, we have been able to draw on two key sources to build a globally competitive workforce.

17 The first source is our Singaporean core who are entering the workforce. We have invested significantly in pre-employment education so that school-leavers enter the workforce mostly job-ready. Through the national SkillsFuture movement, we enable Singaporeans to keep learning, broadening and deepening their skills at every stage of their careers. Businesses will continue to have a rich pool of local talents to draw from.

18 The second source is our complementary foreign workforce. We recognise that our local workforce supply cannot fully meet the manpower demands of all businesses in Singapore. We continue to welcome talent and investments that help to create more good opportunities for Singaporeans, while being mindful of our physical and social constraints.

19 Beyond these two sources, the time has come to further develop and unlock a third source. Today, more than half of our local workforce are PMETs. Most are in jobs where their skills and experience are recognised and rewarded. However, as the economy transforms, our PMETs will stay relevant only if they continually upskill and reskill.

20 Even with the best efforts in upskilling and re-skilling, some PMETs will be displaced as old technologies and business models give way to new ones. The share of PMETs among those made redundant has risen over the years to about 70% now.

21 Fortunately, more of the new jobs created today are also PMET jobs. To fill these new jobs, we should not be looking at just the two regular sources. The pool of experienced mid-career PMETs in our local workforce will become an increasingly important “third source” of talents.

22 At present, not enough businesses think about meeting their talent needs from this “third source” of experienced mid-career PMETs. One reason is employers’ preference to hire those who they can literally “plug and play” – immediately bring them on board and they can hit the ground running. This is understandable.

23 “Plug and play” was also possible when the nature of jobs did not change dramatically in a short time, where skills and experiences were more easily ported over from one job to the next. Not so in the world of disruption where many new job openings will be quite different from what existed before.

24 In a world where disruption is pervasive, if every hiring manager hopes every recruit is “plug and play”, they will only ever poach from their competitors by bidding upwards. The talent pool does not expand quickly enough to meet emerging needs, talent acquisition costs escalate even as positions go unfilled and business opportunities are not fully exploited. At the same time, experienced mid-career local PMETs remain unemployed or under-employed. That is a loss to both businesses and society.

25 The smarter move is to find ways to help businesses open up this “third source” of experienced mid-career local PMETs, who may not be “plug and play” but have much to offer. Some businesses have started to take notice.

26 Take the Logistics sector for example. Recognising the strong growth potential, the Singapore Logistics Association (SLA) worked with the Supply Chain and Logistics Academy (SCALA) to train and develop the talent pool in the ecosystem, including experienced mid-careers local PMETs.

27 Besides structured training, a pool of experienced industry practitioners serve as mentors to guide these PMETs through the career conversion. So confident is SCALA of the demand for talent that it is willing to provide Attach-and-Train opportunities to those who have yet to secure a job in Logistics.

28 Helping businesses to draw talents from this “third source”, much like SLA and SCALA, is a key priority for the Singapore Government. Start-up businesses can also leverage the experience of mid-career PMETs. As start-ups gain ground, they can build strength by bringing on board these PMETs with the organisational experience to complement their entrepreneurial drive.

29 There are three main thrusts to how the Government is supporting this “third source” of experienced mid-career PMETs.

30 First, we are stepping up the Adapt and Grow (A&G) initiative administered by Workforce Singapore (WSG). Generous wage and training support are available for both employers and jobseekers so that “plug-train-play” becomes highly feasible. Take for example, Heptagon, a company which specializes in the production of micro optics and sensor solution. To get ready for a new product line, Heptagon worked with WSG to develop two 6-month Professional Conversion Programmes (PCPs) for Component OEM Engineer and Assistant Engineer. A good number of participants are from the “third source”.

31 HP is another good example. They found good people from the “third source” within the company. By putting them through the PCP for Data Analysts, the experienced staff have been equipped with new skills and can be re-deployed to growth areas. In the first half of this year, more than 1,500 people have undergone skills conversion through PCPs. This 1,500 is more than double the 600 in the first half of last year. This is an upward trajectory. It has allowed them to move into new jobs with good prospects.

32 Our second thrust is to focus on five sectors with good potential for quality job creation for PMETs, namely the Financial, Healthcare, ICT, Professional Services, and Wholesale Trade sectors. We will identify ways for experienced mid-career PMETs, especially those in transition, to gain access to these sectors and help those already in these sectors to re-skill to stay relevant.

33 Our third thrust, under the HR Industry Manpower Plan, is to build a stronger HR industry that effectively partners business leaders to develop their workforce. As strategic

business partners, HR professionals should also be able to put in place suitable Adapt & Grow programmes to equip potential and existing employees with up-to-date skills.

34 Collectively, these efforts will help our businesses transform and our workers adapt in our future economy. More importantly, they will help businesses in Singapore to open up a new source of talents to grow your human capital.

Conclusion

35 Colleagues and friends, I have focused on how Singapore hopes to strengthen human capital development for our businesses and people. The challenges I have identified, however, are not unique to us.

36 Every society has to deal with the impact of technology and globalization. Our approach is to do so in ways that support businesses to succeed as much as they enable people to thrive. Once again, I'd like to congratulate the winners of the Asia Human Capital Award for showing the way. Thank you all for your attention and I look forward to a fruitful dialogue.