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PRESS RELEASE

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SPEECH BY DR LEE BOON YANG

MINISTER FOR MANPOWER

AT THE CONFERENCE ON STRATEGIES FOR MANAGING HR  
IN THE KNOWLEDGE-BASED ECONOMY

ON 19 OCT 1999 AT 9.00AM, MARRIOTT HOTEL

Good Morning

President of SHRI

Distinguished Guests

Ladies and Gentlemen

1 May I congratulate the Singapore Human Resources Institute (SHRI) for organising this Conference on Strategies for Managing Human Resources. As Singapore and the region emerges from an economic setback and undergoes restructuring, it is timely that CEOs and HR professionals put their minds together to discuss and exchange experiences on how to better manage human resources.

## GLOBAL TRENDS

2 Today we are poised on the threshold of a new millennium. We are also faced with the sweeping changes that will have tremendous impact on how businesses are conducted and organised for success. The key driving forces include the increasing globalisation of economic activities, rapid advancement in information technology, and the competition for human capital. Increasingly, a country's competitive advantage is not derived from an abundance of raw materials, land, labour and capital. The key determinant of a country's economic success in the 21st century is the ability of its workforce to seek and apply knowledge and to generate innovative ideas to produce and sell goods and services that will create wealth. This is the essence of a knowledge-based economy. Companies that hoped to grow and prosper must learn to ride this trend. Professor Sumantra Ghoshal summarised it succinctly by stating that "only through the superior knowledge, skills and motivation of employees can an organisation remain competitive."

3 A closer look will explain why these global trends will affect companies and their human resource management. Liberalisation of trade and globalisation of businesses have resulted in intense competition and at the same time provided abundant opportunities for companies and individuals. Markets and workplace are no longer limited by boundaries and distance. Capital is moved freely to where it can generate the best returns. Apart from expanding market-shares, companies also compete fiercely for talents. Global companies succeed because they tap the world for top talents. Individuals with the capabilities and skills will enjoy increasing demand for their expertise. Such talent are also mobile and will gravitate to businesses and localities which can offer them the most rewarding opportunities and compatible life-style.

4 At the same time, rapid advancement in information technology particularly the Internet and telecommunications, provided for greater connectivity among businesses and people. The expansion and pervasiveness of information technology has helped businesses and people to circumvent traditional barriers and enhance their mobility. Through the Internet, for example, people can now work and interact seamlessly with one another across the globe. New forms of doing businesses such as e-commerce and work arrangements including flexi-work and teleworking are emerging and will reshape the workplace.

5 Recent studies showed that workers' top concern is the flexibility to manage their work schedule and achieving good work-life balance is an important consideration for many workers. One study showed that teleworking could help balance employees' busy lifestyles, improve their job satisfaction and increase

productivity. For example, in AT&T, 55% of its managers already telework at least one day a week, and since 1991 telework has saved the company approximately US\$550 million by eliminating or consolidating office space that employees no longer need. HR managers will have to find ways to apply such options to meet both employers' and employees' requirements.

6 Another important trend is the outsourcing of certain HR functions to specialised HR services firms as a result of corporate restructuring and the need to focus on core businesses. HR service firms take care of their clients' recruitment, administration of compensation and benefits, training and learning programmes, as well as processing of payroll and records management. Outsourcing would not only help companies reduce their overheads in these HR functions, more importantly, it allows them to concentrate their efforts on core businesses and optimise their resources to better achieve corporate goals.

7 The implications of these changes on the workplace and workers are significant. Firstly, globalisation would result in wider exposure and cultural diversity of people due to frequent contacts with international businesses, clients and talents. Individuals with the right capabilities are also becoming more mobile as they see the entire world as one big job market, and not confine their career to local employment opportunities. This would pose new challenges to companies and HR managers: What must companies do to attract, develop and retain the right people for their organisations. What must employers do so that their employees will remain highly motivated to contribute and excel in their jobs? These are questions which you may want to address in the course of your Conference.

8 Furthermore, with a better educated workforce, employees' expectations about jobs would also be different. They would be more attracted by jobs which could better match their personal life interests, or give them greater satisfaction and offer them more career challenges. HR professionals cannot ignore these expectations. In fact managing a skilled and innovative workforce will require you to become more creative and innovative in meeting your company's human resource requirements.

#### CHALLENGES FACING HR PRACTITIONERS

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9 As countries evolved into knowledge-based economies and companies gravitate into more knowledge activities, the nature and scope of HR management must also evolve to meet the new demands. In a KBE, HR professionals will increasingly be working with highly skilled, creative and innovative employees. In many cases, such employees are likely to be organised as self-directed multi-skilled work teams which leverage on their innovativeness to create new and better products. HR professionals will increasingly be called upon to shift from managing task specialised functional structures to nurture and motivate creative workforces.

10 With regionalisation, globalisation and rapidly changing technology and business conditions, CEOs and HR professionals require a broader perspective in managing businesses and people. You must be well aware of regional and global business developments and HR trends, so as to be able to attract and manage talents for your company's vitality. With rapid technological changes and business innovations, few businesses would be spared the intense global competition for

market shares and talents. Even local businesses serving a strictly local clientele such as MPH and Times bookstores and computer retail shops at Sim Lim Square, would not be protected from international competition. Today with the click of a mouse, a customer can order a book, music CD, DVD, bottles of wine and anything else from an e-commerce retailer half-way round the globe. You could place an order for a computer customised to your needs over the phone or Internet with a manufacturer or retailer thousands of kilometres away.

11 To succeed in a knowledge-based economy, it is important to have the right people. Beyond finding and screening candidates at company level, HR professionals should also work together to promote and create interest in the jobs and work environment at the industry level. This is important because with rapid technological changes, job prospects and career options also undergo transformation. Job seekers may not be fully informed or up-to-date on the new opportunities. For example, two weeks ago, the HR directors and managers of 20 manufacturing logistics companies, together with MOM and EDB, successfully organised an exhibition and recruitment fair to profile the logistics industry and the career opportunities it offers. More than 2,500 people, including students and job seekers, visited the fair, of which 1,000 also attended the specially arranged talks. Those who attended the event or saw the press coverage, gained a good understanding of modern logistics industry and the career options it offers. Such efforts are not only useful in attracting talent, but will help ensure a better fit between jobs and employees.

12 However, the responsibility of the HR practitioner does not end with recruitment. To motivate and enable staff to give their best, HR personnel must also create a favourable workplace environment, and develop employees' potential and capabilities. Companies which give their people the opportunities to learn new skills and master new technologies are more likely to retain such employees. Hence, managers and HR professionals will need to be more market savvy and creative in designing and applying employees' training and upgrading programmes.

## MANPOWER 21

13 On the part of the Government, we have launched the Manpower 21 (M21) strategy to develop a globally competitive workforce. M21 is directed at facilitating and supporting Singapore's transformation into a knowledge-based economy. It will enhance the capabilities and skills of our workforce and help us to minimise structural unemployment. Under M21, we will focus on integrated manpower planning to enhance the efficiency of the labour market, encourage lifelong learning among workers to ensure employability, and develop workplace environment that will attract, develop and motivate people to excel in their job. We will need the support of employers, unions, workers and HR professionals.

## Promotion of Good HR Practices

14 The M21 Committee has highlighted the importance of good HR practices. We need good HR practices which value and develop people to enhance their capabilities and contributions to the organisations. Such practices would also be in alignment with our national objectives of developing a globally competitive workforce. Good HR practices goes beyond maintaining a happy workforce and harmonious industrial

relations. It should prepare workers for changes and challenges. For instance, adoption of monthly variable components within our wage structure will be a good HR practice. It will enable companies to make quick adjustment to their wage costs in response to rapidly changing business conditions to remain cost competitive and to minimise job losses. Similarly, the support given by employers to workers for training under the Skills Redevelopment Programme is critical in helping older and less skilled workers to upgrade their capabilities and stay employable while at the same time help companies remain competitive.

15 Currently several organisations have put in place various initiatives and programmes to promote good HR and industrial relations (IR) practices at the workplace. For example, SNEF holds regular discussions with industry associations and HR practitioners on topical employment and IR issues; SHRI produces regular publications on HR and gives recognition to employers for adopting good HR practices; PSB promotes the People Developer Standard and Singapore Quality Award to commend companies with excellent performance in HR management and development; and the NTUC holds regular workshops and training programmes to foster closer labour-management co-operation.

16 As a follow-up to the M21 recommendation, the Ministry will work closely with these organisations to promote good HR practices at the workplace. For this purpose, the Ministry has recently set up a HR Promotion Section. The objective of the HR Promotion Section is to help create a more favourable workplace environment that embraces good HR and IR practices in Singapore particularly among the SMEs which often lack comprehensive HR establishment. The Ministry will collaborate with the relevant agencies in various promotion programmes, such as regular discussions with industries and HR professionals on topical HR and IR issues, and the development of a national HR award which gives recognition to companies with exemplary HR practices. The HR Promotion Section will also work closely with the relevant agencies such as SHRI and PSB in providing advisory services on the implementation of good HR and IR practices. We look forward to working closely with SHRI in this important task.

## CONCLUSION

17 Globalisation, IT advances and changing workforce in a knowledge-based economy will pose great challenges to HR practitioners as we enter the next century. Such changes will require more innovative approaches in the management and development of human resources at the workplace. Companies will need to encourage and motivate their workers to undergo lifelong learning to enhance their capabilities. This will enable the companies to seize new opportunities and continue to remain relevant and thrive in the increasingly competitive business environment.

18 I therefore urge HR professionals to continue your efforts in developing a competitive workforce and building a favourable workplace environment. Through these efforts and a high level of professionalism in HR, we can create more rewarding jobs for Singaporeans and also attract international talents to supplement our own workforce. Let us work together to achieve the vision of a world-class workforce and a world-class workplace environment.

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19 On this note, I would like to congratulate SHRI for organising this Conference. I wish all participants a fruitful and rewarding conference.

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