THE HUMAN RESOURCE PERSPECTIVE

TOWARDS ACHIEVING VISION 2020

Proceedings of the National Seminar on Human Resource Development

17-18 February 1992
Dewan Asajaya
Holiday Inn, Kuching, Sarawak

And Post-National Seminar Workshop

23 April 1992
MARA Institute of Technology
Sarawak Branch, Kuching, Sarawak

Jointly Organised by
Ministry of Industrial Development Sarawak
and
MARA Institute of Technology,
Sarawak Branch

THE ROLE OF THE PRIVATE SECTOR IN HUMAN RESOURCE DEVELOPMENT - THE SINGAPORE EXPERIENCE

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INTRODUCTION

The Business Environment Risk Intelligence (BERI) in May 1991 published a Quality of Workforce Index, comparing the quality of the workforce of ten countries, namely, Germany, Hong Kong, Japan, Korea, Singapore, Sweden, Switzerland, Taiwan, United Kingdom and United States, along three main headings:

a. Workforce Performance
b. Workforce Characteristics
c. Workforce Organization and Practices

In 1990, in terms of overall score, Singapore ranked top, followed by Switzerland and Japan. In 1980, it was ranked third after Switzerland and Germany.

The report noted: "Singapore's edge has been its longstanding recognition that success can only come about by developing its human resources. The country realizes that government educational and training facilities will not be fully utilized without company participation in programs to upgrade skills and meet the needs of an increasingly sophisticated economy. Singapore is evolving towards a high technology industrial profile with a workforce that was based on cheap labour before the 1980s. It is essential for companies, not just the government, to offer employees the means of matching their skills with that required for operations by new investors and by established firms controlling unit costs with advanced technology."

In the Workforce Performance Index of the same report, which includes criteria such as Government Support for Education and Training as well as Company Support for Education and Training as criteria, it is noted that both these two criteria ranked high in 1990 and 1985. (In 1980, when the Government was at the threshold of the launching of the Skills Development Fund, Government support for education and training ranked very much lower than Company support for education and training.)

THE GOVERNMENT'S INITIATIVE

In the 1970's when industrialisation was at its peak and economic growth was significant, it was recognised by economic planners that to sustain future growth, manpower training was crucial. Initial rapid industrialization was founded on the availability of abundant cheap manual labour in the first place. Raw materials and machinery had to be imported. The only resource that Singapore provided was human resources. These, together with an efficient administrative system and good infrastructure facilities, helped to stimulate the first phase of industrial development.

The second phase of industrial development demanded that productivity had to be increased with increasing wages. Further-more, technological developments also meant that future growth lay in fostering hi-tech industries and being more capital-intensive. It was necessary to raise skills and quality levels instead of focusing on reducing labour cost to gain a competitive advantage.

The Skills Development Fund was established in late 1979 with the expressed objective of encouraging employers to undertake skills training for their employees. It offered grants as incentives to companies to organise training programmes for employees. The source of funds for the SDF came from a levy on employers pegged to a pre-determined level of wages of employees, covered within the ambit of Employment Act.

The initial reaction from employers was a scramble to apply for grants, in many cases based on activities which were remotely training in nature. Grants were being applied for the wrong reasons! Careful evaluation and constant explanation of the objectives of the SDF by the administrators helped to preserve the original intention for which the Fund was set-up, that was, to develop skills and increase productivity.

The understanding of training was later enhanced. At first, information-giving or awareness seminars were accepted as training. Later on, support was only given to training programmes that were comprehensive, practical and skills-oriented to ensure applicability on-the-job. Even if training were skills-oriented, the level of support in terms of grants, was higher for in-house training where large groups of employees within an organization were trained in the same set of skills. This implied a heavy commitment by an organisation to human resource development. Hence, multi-national companies that brought in expertise from headquarters or sent groups of people to parent companies overseas to train and effect a transfer of technology to Singapore were positively supported.

Another feature worth nothing was that at the initial phases of the SDF's inception, a considerable amount of funds was absorbed by management/supervisory training programmes, as the systematic development of managerial and supervisory skills was necessary for effective management of organisations to achieve higher productivity. Current attention is also placed on computerisation, craft skills, technical skills, professional education and specialised skills, R & D skills, company-wide productivity improvement programmes and basic education necessary for skills acquisition.

THE PRIVATE SECTOR'S RESPONSE

Lest it be misunderstood that companies only engaged in HRD because of the Skills Development Fund, it must be emphasised that multi-national companies (MNC's) that invested in Singapore, had already had company-wide training programmes that were part of the organisational culture, long before the inception of the SDF. MNC'S,particularly American MNC's were encouraged to set up manufacturing facilities in the 1960's and 1970's. They needed no persuasion to accept that HRD, including the use of training consultancies, was an investment rather than a cost. Their size of operations, large numbers of employees and the need to transfer technology and management systems made it necessary to train local personnel. Their business philosophies also stipulated that locals should take over the helm of their foreign subsidiaries once they were operationally independent. Japanese MNC's that later set-up manufacturing facilities in Singapore also had a training tradition and were willing to send personnel to parent companies in Japan to train as well as experts to Singapore to train others too - even though their top echelons of management, unlike that of American MNC's, were reserved responsibilities. With the setting up of regional operational headquarters of MNC's in Singapore and the incentives given them for doing so, most of the regional training centres of these MNC's are now located in Singapore. They provide the training support to new facilities being set up in the region.

Unlike the foreign MNC's, local companies on the other hand, needed a great deal of prodding to embark on HRD as an operational imperative. It was believed that it was cheaper to poach trained personnel than to train them. In times of industry supply shortage of personnel such as in banking and EDP, the thinking was that training was futile because trained people will be poached. After successive bouts of pouching it became apparent that it was a counter-productive exercise because salaries of personnel in short supply were increasing with no commensurate increase in skills.

This was when the Skills Development Fund played a significant role in getting local companies to accept training as an investment rather than a cost. Local banks in particular established training departments with SDF support. Small companies which did not have the economies of scale to have their own training departments could send their staff to SDF supported industry-specific training centres such as retail training, insurance training, hotel/catering training and so on. Hence the impressive scores on company-supported education and training in the BERI report for 1980's onwards was the culmination of all these developments.

THE RESPONSE FROM THE SUPPLY SOURCE

With the abundance of funds available it was only inevitable that suppliers of training services and products found Singapore a ready market. The vast array of resources presented a selection dilemma. Most of the services and products were from abroad and there had been no previous users and local track records with which to use as benchmarks. Much of the quality control and evaluation rested on the SDF, whose team of evaluators also found difficulty in evaluating them. It was only after the market had settled that the professionals were separated from the charlatans and the novices. Local training personnel also gave up corporate employment to become independent training consultants. At any rate, the beginnings of a training industry were in the offing.

Public training offerings range from seminars on the latest management fads to training packages that contained cases from alien contexts. While exposure was stimulating they often led to disillusionment on the part of the trainees because it was difficult to relate the alien cases to a local context, let alone apply them.

The higher grants for in-house training fostered a shift from public training to in-company training. This meant that companies and even public sector organisations had to be committed to HRD. It means large groups of people staying away from operations from 3 to 5 or more days at a stretch to learn skills and applications. It meant temporary operational disruption and consequent opportunity costs besides the training fees.

Companies and organisations have now become more sophisticated in their selection and expectations of HRD resources. They are more interested in what ways HRD can contribute to performance and productivity improvements and in providing solutions to operational problems and organisational needs. Sanctioning training as a device to re-coup their contributions to the SDF is not foremost in the minds of corporate decision-makers now. A pro-active approach towards HRD appears to be in place. At the same time, given the case with which skilled or scarce labour resources can command competitive salaries, prospective employees are now asking what training and development employers can provide.

The challenge to the HRD specialist resources and services is to effect a transfer of training to the workplace so that performance results can come about. Employees are receptive to training and development. That HRD specialists should be skillful in delivering effective training is a given expectation. They have to help the organization achieve a transfer of training by ensuring applications of learned skills and concepts. Upmarket HRD specialist resources and consultancies are customising training and development services to better meet operational and organisational requirements, instead of relying on supplying standard packages and products. End-users are expecting value-added services.

Besides independent consultants and foreign training product providers, various organizations and institutions in the private and public sectors are providing HRD services especially to people already in the workforce to complement the services provided by traditional educational institutions that prepare students for future employment. The Economic Development Board has supported the development of various technical institutes whilst traditional transnational audit firms have fully developed HRD consultancy arms. Professional associations such as the Singapore Institute of Management, Singapore Institute of Personnel Management, Institute of Banking and Finance, Singapore Training and Development Association and Institute of Certified Public Accountants also provide continuing professional education and training.

The National Trades Union Congress, the National Employers Federation and the National Productivity Board also provide in-employment training and continuing education facilities for those in the private sector. Industry-specific training have also been established such as the Port Studies Institute of the Port Authority of Singapore, Singapore Airlines Training Centre, Singapore Telecommunication Academy, Singapore Insurance Institute, Construction Industry Development Board, Singapore Hotel Association Training and Education Centre, and Singapore Retail Merchant's Association. (Those interested in referring to a comprehensive list can refer to the National Training Directory published by Singapore's National Productivity Board.)

Even though much of the impetus to the development of the HRD industry can be said to be provided by the SDF, it would not be accurate to assume that the private sector had been passive until then. Besides multi-national companies, professional institutes and associations had been providing continuing professional training and education long before the SDF was established. The Singapore Institute of Management was founded in 1964 to develop managerial skills and talent for the sound expansion of the economy. In its earlier formative years it provided mostly short management training courses for practising managers and supervisors to upgrade and up-date themselves. Today it provides no less than 270 short courses a year, 3 examination-type certificate programmes, 8 diploma programmes, 2 first degree programmes, 4 masters degree programmes in management on a full-time and part-time basis. The lecturers from these programmes are largely local practitioners teaching part-time. It also has an active in-house training and consultancy division serving corporate clients on a total organization training basis, using localised or customised training materials.

Likewise the Singapore Institute of Personnel Management and Singapore Training and Development Association had been providing training and development services for their members long before the establishment of the SDF.

CONCLUSION

It is evident that a human resource development climate exists in Singapore to foster a healthy HRD industry. That this has advanced to this stage has been due to a combination of factors.

Companies in the private sector with a long term orientation needed no goading to develop human resources because they realise that a competitive edge lies in higher productivity through a knowledgeable well-trained group of employees. They acted as models of successful management as well as to keep pace with fast technological changes. Professional institutes and associations, in pursuit of their mission, naturally promoted professional development which was accelerated by government supported measures for HRD. Economic planners also regarded HRD as of strategic significance in economic development and would institute measures to induce employers, particularly small companies with short term orientations, to invest in HRD if they could see bottom-line related benefits. They had to be orientated to concentrate on increasing productivity rather than reducing costs in order to be competitive. Once government apparatus is in place, assuming effective implementation of such, then a momentum can be built up and an HRD climate can be maintained.

Yet another factor stimulating demand for HRD is from employees themselves. Greater economic growth has led to a shortage of labour. This shortage has in turn forced wages and salaries up. This means that offering competitive compensation is not the key to attracting and retaining personnel. Employees are asking what training and development a company can offer to enhance their own development (marketability). Hence smaller companies have perforce to invest in HRD in order to compete for scarce labour.

On the supply side, it is a challenge to the HRD professional to design, develop and deliver training that will contribute tangibly to operational results. The competition to proffer HRD services and have them accepted by client organisations should lead to qualitative improvements in terms of services although at the moment there is still a dearth of local and even foreign professionals able to provide customised training consultancies.

Note: The observations made here are purely my own and not necessarily those of the Singapore Institute of Management.

QUESTIONS AND ANSWERS

Question: We are going to start our Human Development Fund - it is in the drafting stage, so can you enlighten me on the Skill Development Fund and its implementation.

Answer: In the beginning, administration was difficult. Administrators were unpopular as they take people's money which add on to their cost. If you contribute 1% of your payroll of M$750 and you don't send anybody, it's actually money down the drain. Thus, they would try to apply for funds but when it is not for training purposes, the administrators are very strict and refuse to grant it. At first, this level of understanding is already not there. It's as if they are unwilling to train the workers. Moreover, they have that kind of mentality where they expect to get their money back. Eventually however, they are willing to subsidise the training courses because of market forces. I was told while doing work for the Perwira Habib Bank in Kuala Lumpur that banking and insurance institutions have to contribute a certain fund where if you are trained, you can claim your money back. If you don't train, it would then go to a central body which trains other people from other organisation. That seems to be a better way than ours, you know.

Question: So that fund is managed by the administrators. What about the training itself? Who runs the training?

Answer: Oh, we don't train. We leave it to the government agencies, private sectors, independent consultants and professional institutes. The stress now is not just on good training but rather application on the job which would lead to performance improvement. The challenge is to the providers, not just organising courses any more.

Comment: I would just like to add my comments to what Mr. Ong and another participant have said. In our case, the staff turnover is used as a thermometer to check the temperature of the organisation. What is important to us is to find out why people are leaving. The objective is not to stop those who are intending to leave from leaving but rather to keep those who are still with us. At least this thermometer would tell us where we are heading, see where we can improve so that the people who are still with us would stay with us. So to me the indication of staff resignation is not negative, but positive in order to enable us to do better in future.

Reply: It's true. Some training centres look upon training as an investment. I think your point is very good if you are looking at performance appraisal. One of the performance indicators is how the manager maintains his staff despite the demand and supply situation.