

# Innovative Means, Productive Ends

*By Ian Ho Jin Yi*

*How can education be reshaped to improve human capital development for your country's socio-economic future?*

## **FUTURE BEYOND SG50**

*Of economy, productivity & policy*

The celebrations surrounding Singapore's quinquagenary milestone in 2015 were undoubtedly sufficiently warranted, following decades of consistent progress which many have deemed as nothing short of an Asian miracle. However, beneath the pomp of the occasion lay an undertone of futuristic anxiety, most succinctly expressed in the title of Kishore Mahbubani's 'Can Singapore Survive?'. The quandary of sustainable economic growth arose most prominently against the backdrop of increasing financial volatility and immigration woes, substantiating a decisive refocus towards the narrative of 'productivity-driven growth' (Ministry of Finance, 2016). While much has been proposed to boost present trends in human capital development, our leaders 'will need to venture away from the relative safety of the local maxima and endure a period of painful adjustment' (Auyong, 2016). In order to better existing gains in productivity with an overarching objective of temporal sustainability, this essay thus proposes a bold step towards structural education reform, which can be appropriately encapsulated in a dynamic 3C framework - cohesion, capitalization and centralization.

## **COHESION**

*Enhancing skills-based educational coherence*

When SkillsFuture was launched, Minister Tan Chuan-Jin told parliament that "Singaporeans need to move towards higher-value skills, so that they can stay relevant and take advantage of opportunities in the new economy. [Therefore,] as businesses restructure and move up the value chain, jobs will evolve too" (Yong, 2015). While such supply-side policies are traditionally deemed advantageous in addressing structural unemployment and human capital development, they fall short in two vital areas.

First, an overwhelming emphasis on subsidizing vocational education, especially amongst those yet to join the workforce, has the propensity to engender the unintended assumption that quality employability necessitates quality employment. Indeed, schemes like ASPIRE Initiative claim to 'match students' strengths and interests... to applied education pathways so that they can maximise their potential through greater collaborations with the industry' (Tan, 2015). However, this leaves the system vulnerable to the structurally entrenched conundrum of skills mismatch, 'wherein the supply of hard and soft skills being produced is no longer aligned with the rapidly evolving demand for skills in the workplace' (Ra, Chin & Liu, 2015).

Second, subsidies on skills-upgrading fail to directly address a structural incongruence between labour assets and the national agenda to create a higher value-added economy (Ho, 2014). To be effective, interventionist policies to develop human capital have to maintain a significant degree of consonance with the national push towards creating jobs in industries considered of high value-add to economic prospects.

Therefore, in order to address these deficiencies, Singapore can consider further integrate corporate expertise into pre-employment vocational training through public-private partnership which will vastly improve access and quality of education (Tilak, 2016). We may soon see industry-related technical education institutions, specific to high value-add industries such as pharmaceuticals or nanotechnology, with multi-national corporations (MNCs) co- investing by providing critical resources and expertise. While the government provides crucial infrastructure for these educational purposes to provide for a much-needed critical mass, these firms will then be confident in providing employment and exposure for potential employees who will ultimately possess essential skill-sets; these higher levels of labour proficiency will also further cement Singapore's position as an MNC hub for critical pre- identified industries (International Enterprise, 2014).

The average Singaporean is therefore more well-equipped and confident of his or her skills' relevance in the corporate world, which is suitably aligned with the national economic agenda. From a corporate perspective, early involvement in education will enable the firms to advance developments in corporate leadership amongst highly-valued workers, and grow our domestic pool of corporate leaders which will deepen these MNCs' roots in Singaporean soil. Finally, such initiatives will refine fiscal spending on skills-upgrading courses, ensuring that the state invests in human capital development with practical returns from vocational education.

## **CAPITALIZATION**

### *Encouraging corporate mutualism*

This focus on corporate-education cohesion is not to say that our economy readopts a greater emphasis on MNC-led growth in the long run. In fact, this essay concurs with the largely popular opinion that small & medium enterprises (SMEs) should form the core of the future economy (Yahya, 2013). There are many motivations for creating a strong base of internationally-oriented SMEs, the most compelling being the drive for entrepreneurship and innovation amidst efforts to eventually nurture value-creating industries.

Unfortunately, SMEs face a plethora of limitations as they seek to expand. Most recently, DPM Tharman called for greater support from banks to financially support SMEs despite the economic slowdown, highlighting a critical struggle that entrepreneurial ventures face in the modern economy (Shiao, 2016). Another aspect of SME growth that the government has attempted to support is through 'global company partnership', most prominently spearheaded by International Enterprise. While these efforts ideally equip SMEs with the right business capabilities for expansion, 'consultancy' services fall short of providing realistic industry-specific expertise to effectively galvanize efforts to expand beyond domestic shores.

Therefore, the second tier of the 3C strategy encourages collaboration between established MNCs and local SMEs whilst encouraging a win-win mentality of mutualism.

Fundamentally, these SMEs offer secondary services to the primary purpose of MNCs. The government then acts as the corporate matchmaker, by subsidizing Research & Development (R&D) as a co-venture between MNCs and SMEs. SMEs can then build on existing collaborations to facilitate a cross-corporate brand of continuing education and training (CET), which is arguably more effective and relevant in upgrading the skills of those employed in the SMEs. As a result, the MNCs now have a vested interest in human capital development of the SMEs as the latter's productivity now significant potential to improve the former's prospects.

For employees in SMEs, this represents a golden opportunity to further skills and knowledge in relevant industrial sectors, offering experiences and interactions that no amount of SkillsFuture credit can buy. This heightened form of vocational education can drastically alter the way we look at skills-upgrading, while providing our domestic firms with the relevant experience and vital security they seek as they expand their operations. One recent development that parallels this idea is the A\*STAR Collaborative Commerce Marketplace launched in May 2016, where the government, to quote Minister Iswaran, “can convene... collective capability in order to address (those) challenges”. Similar collaborations in our prime industries could perhaps see a home-grown SME become an MNC one day.

## **CENTRALIZATION**

### *Concentrating & streamlining research, analysis & solutions on human capital*

Nobel Prize-winning economist Paul Krugman once posited that “Productivity isn’t everything, but in the long run it is almost everything.” The virtue of patience is indeed critical in allowing businesses to “evolve” the appropriate adaptations as the government applies the right selection pressures (Auyong, 2016).

In order to create a robust system that caters to the demands and supplies of the labour market, centralization of information and ideas is therefore critical in ensuring that the aforementioned steps of cohesion and capitalization remain effective and responsive. This potentially takes the form of a productivity hub-of-sorts, taking existing campaigns like ‘Way- To-Go’ to a entirely new level. By bringing together the various stakeholders of human capital development, this hub aims to achieve three systematic objectives.

First, it will serve as a platform to gather information with regard to labour trends, market developments and facilitate government-corporate communication. This will provide both policymakers and corporate leaders with a clearer and larger picture of shifts in the structural economy. Second, this hub will also collectively engage stakeholders like corporate thought leaders of the Leadership Initiatives, Networks and Knowledge (LINK) and the Committee on the Future Economy in order to rigorously analyze and reassess the labour market circumstances constantly in flux (Gog, 2016). Finally, this hub will function as an accelerated brain for solutions and reforms, which will materialize as changes to be implemented across areas of education, industrial investment and corporate engagement.

While this boldly drastic conception may seem impractical given the constraints of public-private partnerships, it is exactly ambitions such as this that can bring Singapore out of the doldrums of productivity and secure our economic future come SG100. To be clear, this is different from existing committees like the Singapore Productivity Centre or statutory boards like the Economic Development board; this represents a common platform which is much more extensive and holistic in its approach to improve human capital through educational changes. With all the different stakeholders concentrated in a dynamic and sustainable system of feedback and improvement, Singapore’s sails will be readier than ever to confront and respond to the ever-turbulent tides that lie ahead.

## **AGAINST THE ODDS**

### *on leadership*

The impetus for visionary change in our labour economy has never been stronger. 50 years on from independence, Singapore finds itself in a very unique position as a country and as a nexus of global

flows. It is perhaps time that our leaders consolidate and reaffirm our very position on the international stage, to take a brave leap forward in embracing tough, necessary and innovative change.

To answer Kishore Mahbubani, yes, Singapore can survive. Whether it will survive is a matter of bold, wise and inventive leadership which policymakers have the responsibility to pioneer.

### Bibliography

1. Auyong, H. (2016, March 11). Singapore's Labour Productivity Challenge. Retrieved August 26, 2016, from <http://www.ipscommons.sg/singapores-labour-productivity-challenge/>
2. Gog, S. (2016). Rethinking the human capital development model for the future of work (THF Discussion Series). Singapore: The HEAD Foundation.
3. Ho, K. (2014). Singapore: The Next fifty years (IPS-Nathan Lectures). Singapore: Singapore Management University.
4. IE Singapore. (2014). The Singapore Advantage. Retrieved from [http://www.iesingapore.gov.sg/~media/ IE Singapore/Files/Publications/Brochures Foreign Companies/The Singapore Advantage/ IEThe20Singapore20AdvantageJul2014.pdf](http://www.iesingapore.gov.sg/~media/IE%20Singapore/Files/Publications/Brochures%20Foreign%20Companies/The%20Singapore%20Advantage/IEThe20Singapore20AdvantageJul2014.pdf)
5. Lee. (2011). Lee Kuan Yew: Hard truths to keep Singapore going. Singapore, Singapore: Straits times press.
6. Ministry of Finance. (2016). ESC Subcommittee on Fostering Inclusive Growth. Retrieved 2016, from [http://www.mof.gov.sg/Portals/0/MOF For/Businesses/ESC Recommendations/Subcommittee on Fostering Inclusive Growth.pdf](http://www.mof.gov.sg/Portals/0/MOF%20For/Businesses/ESC%20Recommendations/Subcommittee%20on%20Fostering%20Inclusive%20Growth.pdf)
7. Ra, S., Chin, B., & Liu, A. (2015). Challenges and opportunities for skills development in asia: changing supply, demand and mismatches.. Asian Development Bank.
8. Shiao, V. (2016, August 18). DPM urges banks to continue support for innovation in SMEs. Retrieved from <http://www.businesstimes.com.sg/sme/dpm-urges-banks-to-continue-support-for-innovation-in-smes>
9. Tan, J. (2015). The Prospect of Future Skill Development in Singapore (Institute for Adult Learning). Singapore, Singapore: ResearchGate.
10. Tilak, J. (2016). Public private partnership in education. Retrieved August 28, 2016.
11. Yahya, F. B. (2013). Developing a singaporean core in our workforce. Singapore: Institute of Policy Studies.
12. Yong, C. (2015, March 9). Singapore Budget 2015: SkillsFuture courses to include aerospace, IT, languages, culinary skills. Retrieved from <http://www.straitstimes.com/singapore/singapore-budget-2015-skillsfuture- courses-to-include-aerospace-it-languages-culinary>