

2016 Budget (MOM COS)

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Changes in the workforce and restructuring in local SMEs

Good afternoon Madam Chair, fellow Members of Parliament. The manpower problem faced during the economic transformation phase is of great concern. For example, when PMETs from MNCs sought employment with SMEs recently, employers hesitated because of their “high education, high position and high pay”. PMETs on the other hand, felt that the environment and benefits of local SMEs are not as good. They were stranded in a situation of mismatched expectations.

This is a regrettable situation. On one hand, SMEs are unable to hire talents while on the other hand, PMETs are unable to find employment. This situation will continue to worsen. To allow everyone in the workforce to have a role to play, the Government, businesses and individuals need to seriously seek out the reasons and come up with counter-measures.

An SME business owner once told me that he would very much like to transform. He has attended courses and even hired consultants, but he ultimately needs an assistant to help in the execution. Taking advantage of the current environment, when SMEs are able to recruit experienced PMETs on board, the boss would have found a capable assistant. Please allow me to use the famous Chinese classic novel “Romance of the Three Kingdoms” as an analogy. Liu Bei was also an “SME” and only managed to recruit Zhuge Liang after three attempts. From

then, his “business” developed rapidly, and even managed to contend with the “larger corporation” headed by Cao Cao.

As the situation of an ageing population escalates, businesses will face a more severe manpower challenge. I belong to the post-war baby boom generation. The total population for this category of more than 900,000 – making up around one-quarter of the population – are now moving on to the retirement phase. When this generation of people were younger, it happened to be the time when our country started attracting many MNCs, and embarked on rapid economic development. But, the MNC-driven economic development is changing.

According to the statistics by EDB, from 2011 to 2015, the fixed asset investment, total business spending and jobs created by foreign companies have been declining. SMEs can take this opportunity to attract more well-educated talents into their companies. SMEs used to provide supporting services to MNCs, but through transformation, they can now grow to become promising Singapore enterprises which can provide a more stable career path to its employees than MNCs. However, SMEs need to create higher quality job opportunities in order to attract these talents.

SMEs felt disappointed with the publicity on skills upgrading in these two years. For example, the news reports on encouraging skills upgrading that I often read consist of ITE students being placed in important roles by MNCs after working hard to upgrade their skills. During the recruitment process, SME owners not only cannot afford to hire graduates, they find it difficult to attract tertiary students and face restrictions on employing foreign talents. Now that even the ITE students are all going to MNCs, who else can they hire?

To my knowledge, many Polytechnic and ITE graduates have been entrusted with important roles, assuming major responsibilities in SMEs. We should also widely promote these stories. We should not give SMEs the perception that only MNCs provide career opportunities.

Another publicity that requires adjustment is skills upgrading vis-à-vis pay increment. Upgrading of skills is to correspond with the upgrading of enterprise and the needs of the industry, which in turn increases employability. However, this does not naturally equate to pay increment. Some jobs have become obsolete or redundant, thus, employees need to acquire new skills in order to remain employable.

Currently, the manpower issue which I am most concerned about is the Sectoral Manpower Plans which the Government is developing for 25 industries.

EDB, which services MNCs, is leading seven; the other three are hotel, retail and construction. The remaining ten-over industries have yet to be announced.

I would like to understand, in the ten-over sectors, are the needs of SMEs being considered? If yes, I hope the Government can develop training content according to the actual needs of SMEs.

Thus, I would also like to urge Trade Associations from various industries to participate in the Sectoral Manpower Plans proactively to develop more talents for the practical needs of local SMEs through the Government (Public), enterprises (Private) and Trade Associations (TAs) model.