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Programme

**Partnership of trade unions in
national development
programmes and in promotion
of labour mobility in Singapore**

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International Institute for Labour Studies Geneva

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Introduction

The ILO 1997-98 World Labour Report provides a comprehensive assessment of trends and challenges facing workers and their trade unions in both developed and developing countries around the world. It concludes that globalization and technological advances are challenging the whole concept of industrial relations and social partners, that the role and relevance of trade unions must be redefined, and social contracts for bipartite and tripartite relations renegotiated.

An innovative approach would build on the achievements of traditional conflict theory and industrial relations traditions, yet extend beyond these confines by exploring less adversarial strategies and by reaching out to the informal sector and casual labour (Thomas, 1998). A common theme in other recent research is the potential for greater cooperation between workers, employers and government. It has been argued that the main function of industrial relations is shifting from protection and regulation of labour's position to the support of national economies in international competition, and that national interests will drive a move towards cooperation among the social partners (Looise and Riemsdijk, 1998).¹

As pointed out by Thomas and others, differences in income per capita, domestic product growth, urbanization and population pressures, gender composition in labour markets, and economic restructuring as between agriculture, industry and services, all define major challenges which trade unions face in the different labour markets. The industrial relations system in each country is rooted in different historical, political, socio-economic, cultural and environmental contexts which make it difficult to replicate one system in another context. It is useful, however, to examine experience in the development of industrial relations in different countries for similarities and common patterns which may provide a basis for exchanging ideas on the future of organized labour in the 21st century. One common interest is to know how others respond to the everlasting issue of balancing economic efficiency with concern for the individual. The ultimate objective we all share is to explore feasible ways of strengthening labour organizations in the 21st century.

The fundamental role of trade unions in Singapore has remained unchanged since the early years of British rule, i.e. to ensure fair wages and working conditions, and improve the standard of living and quality of life of workers. However, the approach to industrial relations moved from conflictual to cooperative after Singapore gained independence.² Since the 1960s, the labour movement has sought to represent, protect and advance workers' interests through a constructive tripartite relationship, as an active partner in national development and collective bargaining for mutual gains at workplace level. The movement aims to:

- create opportunities for employment and development by contributing to an attractive industrial climate for investors;
- enable workers to enhance employment security and earn sustainable real wage increases through continuing education, training and skills upgrading, and by improving industry and workplace productivity and competitiveness;
- ensure safe and healthy working conditions and environment;
- be an effective labour organization by increasing union membership and strengthening union leadership;
- enable all workers and their families to enjoy an improved standard of living and quality of life as Singapore develops.

This paper deals with the partnership of unions in national development programmes and the promotion of skill mobility among workers in Singapore. It highlights key developments in these two areas over the past 35 years, and suggests factors which have enabled trade union participation

¹ Other studies on the impact of globalization on industrial relations include Verma and Chaykowski (eds.), 1999, Locke, Kochan, Piore (eds.), 1995, and Verma, Kochan, Lansbury (eds.), 1995.

² There are a number of publications on the development of trade unions and industrial relations in Singapore; for example, Chew and Chew, 1995, Tan CH, 1995, Wong ES, 1992, Vasil R, 1989.

as an economic and social movement in Singapore. The points which emerge should contribute to discussions on the roles and alternatives for labour organizations in the years ahead.

Employment security and fair distribution of the benefits of economic growth have been the primary concerns of the labour movement during the five phases of Singapore's development:

- Independence: high unemployment with abundant low-cost, low-skilled labour;
- Early industrialization: job creation by attracting investors in labour-intensive industries;
- Sustaining economic growth: full employment; shift to higher skilled, higher value-added industries;
- Impact of globalization: potential structural unemployment, especially for older less-skilled workers;
- Towards a knowledge-based economy: capacity development for long-term employability; skilled labour as a competitive advantage.

Over the years the labour movement has expanded its role in national development through:

- greater participation in the formulation of both short-term and long-term economic strategies, policies and programmes concerning workers;
- greater involvement in the implementation of the above for mutual gains;
- greater participation as a social movement in community development programmes to improve the standard of living and quality of workers and their families.

Trade union participation in economic development

We will now look in more detail at the five stages of Singapore's development.

Organized labour was actively involved in the political movement for independence. Over half the founding members of the indigenous People's Action Party (PAP) which was formed in 1954, were trade unionists, and 90 per cent of the participants at its inaugural meeting were unionists. Singapore achieved self-government in 1959, with the PAP winning a majority of seats in the Legislative Assembly. A split in the party in 1961 also resulted in a split in the labour movement, with left-wing unions forming the Singapore Association of Trade Unions (SATU) aligned with the Barisan Socialis, and the National Trades Union Congress (NTUC) supporting PAP. In 1962, PAP won a referendum for merger with Malaysia, and then won the majority of seats in the general election in 1963. The NTUC registered with the Registry of Trade Unions in 1964. In 1965, Singapore became an independent nation state, after separation from Malaysia. The People's Action Party has formed the government as a result of each election since, and has continued to maintain a mutually supportive working relationship with NTUC over the years.³

Early industrialization

Two unexpected events threatened Singapore's survival as a new nation. These were the separation from Malaysia in 1965 and withdrawal of the British military presence from 1968 to 1971, which meant the loss of one quarter of GNP and thousands of jobs. The government's first challenge was survival. It set out to restructure an underdeveloped economy relying primarily on entrepot trade by introducing an export-oriented industrialization strategy, attracting labour-intensive industries, creating a stable industrial climate and developing the physical infrastructure.

The government called on organized labour to support its strategy and to work with it as a partner in national development. With economic growth generated by foreign investors, it argued,

³ Today, NTUC is the only national federation of trade unions in Singapore. Eight out of 79 employee registered unions are not affiliated to NTUC.

jobs would be created for workers. Unemployment had been as high as 13 per cent in 1960, and in the range of 7-9 per cent in the late 1960s. Average wage was 96 cents/hour in 1968, down from 97 cents/hour in 1967. This bleak situation and the even bleaker prospects ahead had a mobilizing effect which caused unions and workers to work together with the government for survival.

In 1969, at what is known as the historic Modernization Seminar, delegates from unions affiliated to NTUC debated the “harsh realities” facing the new nation. The then Prime Minister, Mr Lee Kuan Yew, noted that, while one school of thought believed it was better not to have trade unions in the context of rapid industrialization in an underdeveloped country, Singapore believed that unions provided workers with self-respect and protection for their rights as human beings and citizens. This was needed for Singapore to survive as a separate and distinct community.

Of major concern was the impact of technological innovation. Conference papers proposed that the trade union must involve itself and secure for all workers an adequate share of the benefits that technology brings, whilst minimizing the harmful effects it may also produce.

Taking a longer-term perspective of the challenges facing Singapore as it embarked on industrialization for economic survival and growth, union delegates endorsed a shift away from the traditional adversarial approach towards more cooperative labour-management relations. They would seek to establish a broader role for trade unions, beyond collective bargaining for terms and conditions at the workplace, to help improve life for workers by participating in national development.⁴ Union organization, structure and finances (through automatic payment of dues) were strengthened.⁵

In 1972, the National Wages Council (NWC) was established to help determine guidelines for wage bargaining through tripartite negotiations and consensus, taking into account employer and worker concerns, and the overall national aim of sustainable economic development.

By the end of the 1970s, Singapore had attracted investors in labour-intensive industries and had achieved full employment. At the same time, the government had introduced a comprehensive development strategy, with policies to provide workers affordable housing, health, education and old age security through the Central Provident Fund which was established in 1955. Real wages had risen, giving workers an improved standard of living. However, from a macroeconomic perspective, the government was concerned that, in the long run, it would be difficult for Singapore to compete with countries in the region which had a large pool of low-cost labour as well as land to attract foreign investors.

Sustaining economic growth

a) Economic restructuring

In 1979 the government adopted a new strategy to restructure the economy for more sustainable growth, from labour-intensive low-skilled to capital-intensive, high-skilled, high-technology industries. To encourage employers to invest in worker training, the government introduced a mandatory payroll tax requiring them to contribute to a national Skills Development Fund from which they could draw subsidies to offset the cost of worker training for SDF-approved courses.⁶

With a tight labour market, employment prospects were good for workers who could meet the changing skill requirements. Constrained by a small population and workforce, the government placed priority on optimizing the competence of the available manpower. Several human resource policies and programmes were introduced in addition to skills training and upgrading. These included measures to increase female labour force participation by encouraging older women and mothers to return to work or remain in the workforce.

b) Trade union response

⁴ The labour movement’s broader socio-economic role in community development is described below.

⁵ For more details on the proceedings of the Modernization Seminar, see NTUC (1970)

⁶ Administered by a tripartite committee, the SDF has become instrumental in promoting nationally driven human resource development programmes at national, industry and company levels.

The 3rd NTUC Triennial Delegates Conference, held in 1979, made an assessment of the contributions of the labour movement over the past decade, concluding that unions had demonstrated their role as responsible co-owners and partners in social and economic developments.⁷ A plan of action to strengthen the organization and administration of the labour movement, industrial relations, social roles, and external relations was endorsed. On the challenges of the second industrialization strategy, it was noted that higher wages for higher skilled jobs would not make Singapore unattractive to foreign investment if skills and productivity increased proportionally. While foreign enterprises would bring their management skills and technology, it was within Singapore's capacity to train workers to higher levels of skill and over a broader spectrum of occupations.

At the 4th NTUC Triennial Delegates Conference, held in 1982, the impact of new technology on workers in the 1980s was identified as one of the greatest challenges for the labour movement.⁸ Rather than resist economic restructuring, delegates opted to exploit the opportunities and ensure that the benefits of the new technology would be equitably shared. The new industrial strategy was viewed as a means to raise the earning capacity of workers for the longer term, as well as to achieve sustainable economic growth. However, a prime concern was whether structural changes in employment patterns to higher skilled jobs would cause a large number of unskilled workers to be displaced. In 1980, about 25 per cent of the workforce had less than primary 6 education and 11.3 per cent had never attended school. With the new industrialization strategy, workers would require at least craft or trade skills for future employment security and better earnings.

In 1982, NTUC initiated a basic literacy and numeracy programme, leading to Primary 6 level certification, in collaboration with the then Vocational and Industrial Training Board (VITB) to provide workers with the minimum requirement for skills training. Today the BEST programme (Basic Education for Skills Training) continues to be offered by NTUC and the Institute of Technical Education (ITE), administered by the ITE, at a nominal fee nett of SDF, with a further two-thirds subsidy for workers aged 40 or over. The Worker Improvement Through Secondary Education (WISE) programme was subsequently launched to provide a higher level of education to qualify workers for a wider range of nationally recognized skill training courses.

Unions urged employers to invest in training workers, and negotiated training clauses in collective agreements. They also sought to ensure higher subsidies from SDF for training lower-skilled, lower-income workers. At the same time, NTUC set up a Skills Development Secretariat (now Department) to initiate and/or conduct its own programmes to ensure that workers who were not sponsored by their employers for training would not be left behind. SDF-subsidized courses conducted by NTUC for workers included core skills training such as BEST, and computer courses ranging from basic literacy to advanced IT software and skills.

NTUC and affiliated unions urged workers, especially women and older workers, to upgrade their skills as a means to ensure employment security by keeping pace with changing job requirements, as well as to increase their earning capability in the longer term.⁹ They also urged workers to participate in national productivity efforts, led by the then National Productivity Board (now the Productivity and Standards Board). The strategy was to help companies be competitive and profitable and thus encourage them to remain in Singapore instead of relocating to lower-cost countries in the region. The benefit for workers would be jobs and higher wages, which were sustainable by productivity gains.

c) Labour market restructuring

A tripartite Economic Committee was appointed in 1985 to take stock of Singapore's economy and recommend new directions for future growth. It identified structural problems in several key industries, loss of international competitiveness mainly due to labour-cost increases unmatched by

⁷ NTUC (1980)

⁸ NTUC (1982); subsequent NTUC delegates conferences have continued to place priority on strengthening government policies, employer investment and union initiatives on training and skills upgrading.

⁹ Most unions provide annual education bursaries and awards to members' children to encourage them in their studies and highlight the importance of lifelong learning.

productivity growth, and weakness in domestic demand. Economic recession came while the Committee was still in deliberations, with unemployment rising to 6.5 per cent and an historically high 19,529 workers retrenched. The Committee recommended wage restraint in the immediate term, and reform of the long-established seniority-based wage system to a more flexible system for longer-term competitiveness. At the same time, it recommended manpower policy measures to address the longer-term constraint of limited human resources in Singapore, such as measures to increase female labour force participation, encourage the employment of older workers, and extend the retirement age beyond 55 years.¹⁰

The NWC reached a consensus on a 15 per cent cut in the employers' 25 per cent CPF contribution. A tripartite Wage Reform Subcommittee was set up to consider mutually acceptable guidelines for a flexible wage system in the longer term. Union leaders were able to gain workers' support for these drastic measures through union briefings, meetings and site visits. Within the year, workers saw a return to real wage increases, an eventual recovery of employers' CPF contribution to 20 per cent, and full employment which was to continue for the next decade until the regional economic crisis in 1997. Over the next several years, unions and management worked out various forms of variable bonus payments to more closely match company and industry performance. Introduced during the economic upturn, the flexible wage system provided most workers with a minimum of one month and as much as 5 to 9 months bonus each year. The ability of the social partners to address the economic crisis and work together to implement necessary measures was the greatest test of the tripartite relationship and cooperative labour-management relations since independence.

Impact of globalization

a) Unions shift priority from employment security to employability

Globalization and technological advances in the early 1990s led to a significant strategic review by the labour movement of the implications of changing organization and employment structures on workers in Singapore. The emerging concern was the real possibility of structural unemployment among the large proportion of older, less-skilled workers who may not be able to keep pace with changing technology and skills needs in the increasingly knowledge-driven industries in Singapore. Employment security could no longer be defined as life-long employment in the same job, the same company, or even the same industry.

In December 1996, NTUC initiated the Skills Redevelopment Programme (SRP), to help workers remain employable throughout life by providing nationally certified skill training and upgrading. With collaboration from the Economic Development Board, Productivity and Standards Board, Institute of Technical Education and polytechnics, NTUC approached employers to sponsor their employees, particularly older, less-skilled workers who were more at risk of redundancy, for skills upgrading programmes. The incentive for employers was 80 per cent of the cost of training and 70 per cent of absentee payroll costs (up to S\$4.20/hour). The costs were covered by the Skills Development Fund and government. A further incentive was that programmes could be tailored to meet the needs of a particular industry. The SRP has become the core national programme, as described later in this paper. As at 30 June 1999, a total of 288 companies had committed 21,800 workers for SRP programmes in five general launches and nine sectoral launches since December 1996. An estimated 40,300 workers will be enrolled in an SRP scheme by the end of this financial year.¹¹

To address the likelihood that many employers may not sponsor workers for training and retraining, particularly small and medium-sized enterprises, the NTUC and affiliated unions set up an Education and Training Fund (ETF) in May 1998 to help workers take up training on their own. Unions raised a total of S\$5 million through a mass walkathon and donations, which the government had agreed to match with S\$3 for every S\$1 raised, bringing the total in the Fund to S\$20 million. Under the scheme, the SDF covers 70 per cent of training costs, and the ETF covers

¹⁰ The retirement age was raised through legislation to 60 years in 1993, and extended to 62 years on 1 January 1999.

¹¹ NTUC NEWS, 9 July 1999

50 per cent of the balance. In the initial launch, over 7,000 workers applied for assistance under the ETF to take up 42 approved courses.

b) Future role and relevance of trade unions

Globalization and technological advances pose challenges for the labour movement in Singapore. The major trends that challenge the future role and relevance of unions are the demand for greater labour market flexibility; economic, organizational and employment restructuring for greater efficiency and flexibility; and changing demographics with greater diversity of needs and expectations among workers.

In early 1997, NTUC and its affiliates developed a strategic plan to remain relevant in representing workers into the twenty-first century, with specific implementation programmes set out for the next 3 to 5 years. The plan focusses on five key areas:

- To enhance employability for life through lifelong learning and national skills certification. The Skills Redevelopment Programme (SRP) and NTUC Education and Training Fund have been described above.
- To strengthen competitiveness through shared responsibility, establishing unions as adding value to employers. Trade unions worked with management in 44 companies last year and have targeted 100 companies this year to improve productivity through joint projects.
- To promote workplace health and safety, as well as social and recreational activities to help workers enjoy a better life and lifestyle, as well as contribute to company productivity. Unions in 20 companies have embarked on joint union-management workplace health programmes.
- To contribute to community development. Volunteerism, mass fund-raising, providing education grants for children of low-income families are all planned, together with other activities.
- To develop a strong labour movement by increasing union membership. Recent strategies include a move towards seamless membership, increasing the scope of union representation to include executives, and strengthening union leadership. The Singapore Institute of Labour Studies (SILS) was set up in 1990 to strengthen union leadership through training, education and research. A mentorship programme was recently introduced to complement structured leadership training programmes. Priorities are to increase the number of young people and women in leadership positions, and to encourage leadership renewal with each triennial election at the affiliated union as well as national level.

c) Managing economic crisis and recovery

A tripartite Committee on Singapore's Competitiveness was appointed in 1997 to take stock of the national economy and recommend new directions for future growth over the next ten years. During its deliberations, Singapore was affected by the regional economic crisis and experienced a major downturn. The CSC was asked to recommend actions to help overcome the crisis. It recommended several cost-cutting measures, not only in wages, but also in other business costs, as well as longer-term measures to build economic capacity through skills upgrading, further expanding trade with growth markets, and economic restructuring.

The recent economic crisis has highlighted the importance of constructive tripartite relations, the positive role of the labour movement and continuity of leadership while, at the same time, grooming the next generation of leaders. Many leaders had been involved in working out mutually acceptable measures to overcome the recession in 1986. It was thus possible to reach a consensus more quickly 11 years later. Government, union leaders, and employers were again able to gain worker support for even greater wage cuts than during the last recession.

The National Wages Council reconvened to review the guidelines it had issued earlier in the year. For the first time in its 26-year history, the NWC recommended a wage cut of 5-8 per cent in its revised guidelines issued in November 1998, in addition to a 10 per cent cut in employers' CPF contributions. However, it urged employers to moderate wage cuts for lower-income employees by implementing a deeper cut for executives, and called on employers, unions and workers to continue to work together to strengthen Singapore's competitiveness, preserve jobs and enhance employability. It concluded that the concerted measures would ensure that the economy

would emerge stronger, more robust and more resilient and that Singaporeans would enjoy sustainable wage increases and higher bonuses in the years ahead.

To provide immediate assistance to retrenched workers, a tripartite panel was set up. A draft Retrenchment Advisory Programme and Employment Assistance Programme proposed specific measures and recommended that the NTUC-initiated Skills Redevelopment Programme (SRP) be expanded to a national programme. The SRP would help improve the re-employability of retrenched and at-risk workers by providing them with nationally certified skills in industries with job vacancies, particularly in new growth industries. The primary concern was to minimize unemployment and maximize employability, especially for an estimated 700,000 workers (37 per cent of the workforce) who had less than secondary educational qualifications in 1998.¹²

In response, the government enhanced SRP funding for mature workers, increasing support as from 1 January 1999, from an 80 per cent to a 100 per cent subsidy on employers' training costs and from 70 per cent to 85 per cent of absentee payroll costs for workers aged 40 years and over.¹³ It also set up a Skills Development Centre, operational in January 1999, to increase the number of full-time training places and supplement existing training capacity at the Institute for Technological Education and at polytechnics. On 1 May 1999, the government announced that it would commit an additional S\$50 million to support the SRP, bringing the total to S\$100 million, with the target of retraining 100,000 workers over 5 years.

Trade unions sought early consultation with employers on anticipated retrenchments in order to explore alternatives such as redeployment, reduced working hours or retraining. If lay-off was unavoidable, unions negotiated retrenchment benefits to help workers seeking re-employment, and sought employers' assistance in counselling and helping retrenched workers take up retraining or find alternative employment as quickly as possible. In October 1998, the NTUC set up a job bank to supplement the data base of job vacancies in the Ministry of Manpower.

The trade unions, Ministry of Manpower, Economic Development Board, Community Development Councils and community self-help groups have organized several employment assistance programmes, including fairs to help match job vacancies and employers with retrenched workers, particularly in higher-skilled growth industries.

d) Social safety nets

The regional economic crisis focused attention on measures to help those in financial hardship. While the Central Provident Fund, established since 1955, has provided social security for workers in terms of affordable housing, health, education and retirement income, and there are several government and community assistance schemes, the labour movement sought government assurance that all cases of hardship arising from retrenchment would be dealt with, and that children would not be denied education. The government undertook to review criteria for its public assistance schemes, with the assurance that sufficient funds had been set aside and that the present safety net was comprehensive.

Affiliated unions provide financial, counselling and other support for their members and families who face hardship. In response to the economic downturn, unions raised money and received a matching grant from the Singapore Labour Foundation, to set up a special fund to provide an education grant for members who were retrenched or otherwise affected, to help pay for their children's textbooks and other expenses.

Through its network of cooperatives, the NTUC contributed S\$23 million in assistance to retrenched and needy workers and their families during the recent economic downturn, by reducing prices for basic goods and services, and offering lower interest rates, deferred payment of premiums and mortgages, and education grants to help lower-income families.

Towards a knowledge-based economy

¹² During the economic downturn, older low-skilled workers were unemployed for longer periods after retrenchment than younger higher-skilled workers.

¹³ Workers also receive an allowance while attending training in their own time, up to S\$500/month for full-time programmes.

Singapore's vision for the future is to achieve sustainable economic growth as a knowledge-based economy. The new economic paradigm defines human talent as Singapore's strategic competitive advantage in the future. Thus, whereas in the past there was heavy investment in infrastructure to build industries, create jobs and generate wealth, the national priority will now be to invest in people and to optimize their knowledge, skills and creativity as the key to sustainable growth and development.

a) National manpower strategy

To achieve the above, the former Ministry of Labour was restructured in April 1998, and all manpower planning, development and management issues were put under a single Ministry of Manpower. In consultation with employers, trade unions, government agencies, professional organizations, academic institutions and the wider community, the Ministry has recently defined a comprehensive long-term vision and strategic plan for manpower development in Singapore.¹⁴

The six main strategies of the national blueprint, Manpower 21, are:

- integrated manpower planning to ensure better fit between labour demand and supply;
- lifelong learning for lifelong employability by establishing a system for continuing education and training, with a national skills recognition system, individual as well as employer-based training, and a stronger learning infrastructure;
- augmenting the talent pool with foreign as well as local sources;
- transforming the work environment through improved health, safety and productivity, and good human resource practices;
- developing a manpower industry to enhance manpower development, deployment and management;
- redefining partnerships among all stakeholders at national, industry and community level to realize the vision together.

b) Redefining partnerships

The manpower plan identifies tripartism and the role of the labour movement as critical to achieving its vision for the future. It also notes the role of the national employers' federation in contributing to a harmonious industrial climate and participating in national programmes such as the SRP.

The strategy considers a strong and effective labour movement to be necessary for robust labour-management relations, both at national and company level. Noting how a shrinking membership base could weaken union representation and leadership, the blueprint recommends that the tripartite partners jointly review the issues and study how union membership and leadership can be strengthened so that they may continue to be an effective partner in the tripartite framework.

In its preliminary response to Manpower 21, NTUC noted three particular areas:

- improving labour market information. This should be accessible to ordinary workers, helping them find out about job opportunities, trends and training courses.
- developing a national skills recognition system. This will allow more workers to gain qualifications.
- promoting good HR practices among companies. There should be a code of practice and a code of labour-management relations to provide statements of commitment which are simple, easily understood and implemented.

Trade union participation in community development

a) Cooperative movement

¹⁴ Ministry of Manpower (1999)

One of the key strategies in modernizing the labour movement in 1969 was to broaden the role of trade unions beyond collective bargaining on terms and conditions at the workplace to that of a socio-economic movement contributing to workers' well-being in the wider community. A major decision of the Modernization Seminar was to pool resources to start a cooperative movement in Singapore.¹⁵ The objective was to provide services which private businesses were not offering to lower-income workers, and to give workers a stake in the ownership and management of business ventures. Any surplus would be returned to worker and union shareholders and to the labour movement.

Four key principles were defined to ensure the long-term viability of the cooperative movement:

- to engage in fields in which the labour movement has a natural built-in advantage;
- to establish high standards of integrity;
- to ensure effective management
- to make the cooperative fully competitive with private enterprise.

The NTUC established its first cooperative in 1970 to provide insurance to workers who were ignored by existing insurance companies. A taxi cooperative was set up to protect drivers from pirate taxi operators, and a supermarket cooperative was set up to stop profiteering in basic goods such as rice and sugar. The Consumers' Association of Singapore was set up in 1971 to protect the interests of consumers.

Today there are ten cooperatives providing services to meet the diverse needs of workers and their families: INCOME (insurance), Denticare, FairPrice (supermarket), Childcare, Healthcare, Foodfare (cooked food), Choice Homes, Eldercare, Media, Thrift and Loan.¹⁶

The cooperatives have contributed to moderating prices. The supermarket cooperative, for example, regularly benchmarks a basket of goods to moderate prices. It absorbed a 3 per cent Goods and Services Tax when it was first introduced, and discouraged others from passing the cost to the consumer by raising prices. The cooperatives serve the general public but union members receive discounts or other benefits. Over the years, union members have received on average about 8 per cent cash rebate on purchases from the FairPrice supermarket cooperative.

As shareholders, affiliated unions and members realize returns on investment. A significant portion of annual surpluses from the cooperatives are channelled to the Singapore Labour Foundation to support its activities (see below).

b) Singapore Labour Foundation

The Singapore Labour Foundation (SLF) was set up in 1977 by an Act of Parliament to improve the welfare of union members and further the development of the labour movement through projects carried out by the Foundation and its subsidiaries. Funded by contributions from union members, trade unions and cooperatives, the SLF provides financial assistance to families of workers who suffer disability, chronic illness or death. It offers free disability and life insurance for all union members under a group insurance scheme; educational awards and grants for union members and their children; educational tours in recognition of model workers; and financial support to NTUC and its affiliated unions for various educational, social, cultural and recreational projects and activities.¹⁷

c) Social and recreational facilities

Within the labour movement, social, cultural, recreational and sports activities have conventionally been organized by individual affiliated unions and the NTUC. In 1986, the NTUC pooled resources

¹⁵ NTUC (1970).

¹⁶ Cooperatives have also been formed by individual trade unions, such as Seacare Cooperative, established by the Singapore Organisation of Seamen in 1994 to create job opportunities for displaced seafarers.

¹⁷ Examples of socio-economic projects undertaken by SLF are the development of NTUC clubs and resorts and NTUC lifestyle centres.

to set up a union-owned and operated NTUC Club to provide affordable facilities for members and their families. Today there are eight outlets located throughout Singapore.

With state land, union and corporate support, the NTUC has developed large-scale projects to build and manage NTUC Pasir Ris Resort, NTUC Sentosa Beach Resort, and NTUC Aranda Club to provide affordable holiday facilities within Singapore. It also set up the Orchid Country Club to make golfing accessible to all workers through their union or personal membership.

d) Community and social services

Through the pooled efforts of its affiliated unions, the NTUC raises funds of the order of S\$1 million each year to assist charitable organizations such as the employment centre for the handicapped and the national kidney foundation dialysis centre. Besides financial assistance, the labour movement emphasizes the importance of contributing one's time to voluntary work and assisting the needy. Individual affiliated unions have adopted various homes to provide support throughout the year.

Trade union partnership in national development

The following are significant factors in the effective trade union participation in national development in Singapore:

a) Common roots, shared vision, and focus on long-term national interests

The political party that has formed the government since Independence and the labour movement share a common history of activism, leading the drive for independence and then struggling to survive as a city state with few natural resources. Since Independence, the government has taken a proactive approach and long-term perspective in responding to problems and issues. Policies deemed necessary in the national interest have been formulated with the ultimate aim of improving the standard of living and quality of life for all Singaporeans, a fundamental objective shared by the labour movement.

A critical enabling factor for organized labour was government's early recognition and support of the constructive role that trade unions could play at national, industry and company level in achieving a shared vision for a better life for workers and their families. Constrained by limited resources to survive and prosper in an increasingly competitive regional and global environment, government, trade unions and a critical mass of employers have found mutual benefits in a constructive partnership.

b) Strength and continuity of leadership

Continuity of leadership in the ruling party, within the labour movement under one national centre, and within employer organizations such as the Singapore National Employers' Federation, have enabled mutual understanding and trust among the social partners to develop over the years. At the same time, there has been leadership renewal to continue to build on the working relationship as older leaders retire.

c) Tripartism institutionalized

The setting up of the National Wages Council (NWC) in 1972 institutionalized the tripartite mechanism for consultation and consensus-building in decision-making. The NWC has become the central body in deliberations on major labour and human resource policies and practices.¹⁸

¹⁸ For details on the National Wages Council, see Lim and Chew, 1998; Ministry of Labour, 1994.

Besides wage policy, the government has further institutionalized the tripartite approach to consultation and consensus in decision-making on all major matters concerning workers (for example, extension of retirement age, amendments to labour legislation, guidelines for part-time employment), as well as broader socio-economic policy issues, such as in education, health, the environment and the arts. It has focused on mutual interests and commonality of purpose in labour policies, taking into account and balancing employers' need for efficiency with workers' needs and concerns.¹⁹

Extensive formal and informal communications networks between leaders and members of the three social groups have facilitated understanding, decision-making and change.

d) Trade union participation institutionalized

Besides the National Wages Council, union representatives sit on major statutory boards and institutions to represent workers' interests in policy formulation. Unions are represented on the Central Provident Fund, Skills Development Fund, Productivity and Standards Board, Economic Development Board, Institute for Technical Education, and institutions of higher learning. Most significantly, labour is represented in government through Members of Parliament who hold elected positions within affiliated unions as well as in constituencies, and through the position of the elected General-Secretary of the NTUC as Minister without Portfolio representing labour in Cabinet.

e) Giving priority to people

Historically Singapore has placed top priority on optimizing the potential of its limited workforce, its only resource other than the deep natural harbour. From the outset, the philosophy of both the government and the labour movement has been that the best protection and assistance for workers is to provide employment, and that the ultimate aim is to improve the standard of living and quality of life for all Singaporeans.

f) Institutional capacity of the labour movement

Both NTUC and its affiliated unions have adapted and strengthened their organizations and structure over the years in order to better serve the needs of workers. NTUC has streamlined and restructured its departments to focus on the key issues described above, harnessing technology to provide seamless membership and online services. A number of affiliated unions are also restructuring, merging to better represent workers' interests under changing conditions, and forming clusters to share information and resources.²⁰

In addition to negotiating terms and conditions through collective bargaining, and influencing national policies through various tripartite mechanisms, the trade union movement has built up sufficient pooled financial, organizational and manpower resources to contribute to community development as a social movement, enhancing the standard of living and quality of life for workers, their families and the wider community.

The future challenge

New challenges are arising from globalization and the knowledge economy, the reorganization of work and changing profile of workers. An increasing proportion of higher-skilled workers, contract and part-time workers, a reducing proportion of lower-skilled traditionally unionized workers, an ageing workforce, and a constantly changing environment, are challenging employment security

¹⁹ Once consensus is reached, all parties support the implementation of decisions made through tripartite consultation, but the process of reaching mutual agreement involves substantive deliberations and sometimes lengthy negotiations.

²⁰ For example, 12 unions in the engineering cluster are working together with 15 companies, the Ministry of Manpower and NTUC to address the problem of noise-induced deafness.

and unions' ability to organize. Unions will have to continuously adapt to effectively meet workers' changing needs and expectations. On the wider challenges, there must be a broad understanding of the issues, implications, and alternatives and consensus on what action to take. Skills training to strengthen employability, and minimize structural unemployment among older less-skilled workers in particular, will be the priority of the labour movement and government.

At an inaugural manpower Summit in September 1999, attended by senior representatives from government, employers and workers, Deputy Prime Minister Lee Hsien Loong shared the government's perspective on meeting the challenges for Singapore, its social partners, and the labour movement in particular, in the years ahead.

"Singapore must have flexible and responsive labour markets to attract MNCs who operate in fast-changing environment. But we also want to have strong unions who are partners in economic progress, and strengthen the stability and flexibility of our economy. Unions will moderate the shortcomings and extremes of the free market. But they must understand the needs of knowledge workers, and the way the knowledge economy works. They have to adapt themselves to the knowledge economy, just as employers have to adjust to unions playing new roles. This is not just a union problem, but an issue which unions, employers and the government will have to tackle together."²¹

Government, employers and workers have realized mutual gains over the years as a result of constructive tripartite relations, the labour movement's participation in national development, and a proactive approach to labour-management relations. Externally driven challenges will continue to provide strong impetus for cooperation among the tripartite partners and the wider community. As a partner in national development, the role and contribution of the labour movement will continue to widen, beyond economic and employment policy. Its success will depend on effective representation and advocacy. The labour movement has to address the needs and concerns of an increasingly diverse profile of workers, their families, and the community in a continuously changing environment.

²¹ Abstracted from the speech by Deputy Prime Minister Lee Hsien Loong at the inaugural tripartite Manpower Summit, 29 September 1999.

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