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**SPEECH BY PRIME MINISTER LEE HSIEN LOONG AT THE SINGAPORE  
HUMAN CAPITAL SUMMIT OPENING, 29 SEP 2009**

Mr Gan Kim Yong, Minister for Manpower

Mr Tan Pheng Hock, Chairman, Workforce Development Agency

Distinguished guests

Ladies and Gentlemen

1. I am happy to join you this morning for the Singapore Human Capital Summit.

2. This is the second year that Singapore is holding the Summit. Many Chairmen and CEOs of MNCs and local companies as well as participants from academia and government are taking part. I am cheered that you had found last year's gathering useful, and are attending the Summit again. But perhaps your interest is not surprising. After all, both corporations and nations need to manage their human capital and talent well in order to be competitive and make progress.

NEED FOR HUMAN CAPITAL IN CORPORATIONS AND NATIONS

3. Corporations need talent. Successful firms are those which value, develop and take full advantage of their human capital. They vie with one another to recruit the best university and business school graduates, and the most enterprising and promising staff of their competitors. They take care of talented employees and give them space to exercise their creativity. For example, *Google* is one company well known for how well it treats its staff. *Google* provides employees with what have been called "outrageous benefits" – free gourmet meals, company movie days and free Wi-Fi-enabled shuttles that ferry them to and from work. But at the same time, *Google* demands top performance. The average *Google* employee generates far more revenue than his counterparts in other IT companies.

4. Companies in Asia urgently need to grow and enhance their human capital. Many MNCs are expanding in the region to take advantage of growth opportunities here. Many Asian companies are also keen to strike out into the

world. The region needs talented individuals who understand Asian cultures and societies, and yet possess a global orientation. The theme of this year's Summit – "People Strategies for Asia" – is therefore timely. The conference is a good opportunity to discuss how Asia can attract and nurture more talent who can create more opportunities for our enterprises and prosperity for our countries.

5. Nations need talent too. Many countries, regardless of whether they are well endowed with natural resources, rightly recognise the importance of expanding their talent pool. For example, last year China launched the "One Thousand Talents Scheme" to attract top global research talent to base themselves in China. Major Chinese cities such as Shanghai and Shenzhen have also launched their own schemes to bring in foreign professionals. If a country like China, with 1.3 billion people and the largest number of PhD candidates in the world, still needs to draw in overseas talent, the rest of us must have an even stronger imperative to do so.

6. For a small country like Singapore, acquiring and nurturing human talent is a matter of survival. Without much of anything else, we rely on human ingenuity and effort to build our economy and society. We have therefore made major investments in education, lifelong learning and talent development. And we are happy to host gatherings like the one today, because they give us new ideas to develop and manage our human capital.

#### SINGAPORE'S APPROACH TO HUMAN CAPITAL AND TALENT

7. Singapore's approach to human capital and talent is characterised by four principles.

8. First, we believe that human capital and talent can be nurtured. Different people have different innate abilities. But regardless of their starting points and natural endowments, people can learn and improve. And they make consistent improvements when they are developed in a systematic and deliberate way. This is why we put in so many resources into education, and why we fret constantly over how to improve our school curriculum and system. We are probably the

only country which has put in resources to make our schools teach less (so as to let students learn more)!

9. Second, we take a broad view of human capital and talent. We recognise that domain expertise is important, and organisations need specialists in fields relevant to their business. But organisations will also benefit from talent who come from unrelated fields, with diverse experiences, who can inject fresh perspectives. The Singapore public service itself takes this approach. Our ministries and statutory boards take in candidates with different backgrounds and strengths. Government scholarship programmes also give scholars flexibility to pursue different degree courses. After the scholars graduate, some work in their fields of study, but many contribute in quite different areas. In this way, we create diverse teams that can generate new ideas and innovative approaches. For the country as a whole, Singapore needs not just engineers and accountants, but also painters and poets, dancers and fashion designers. Together they make ours a more interesting, “cool” and vibrant city.

10. Third, we believe that the way to bring out the best in people is by creating a conducive environment. Talented people cannot be motivated by pressure, nor even by financial incentives alone. Fair treatment, recognition and rewards are of course important hygiene factors. But the most effective way to manage talented people is to create a stimulating environment, challenge them to achieve ambitious goals, engage their interest, passion and idealism, then let them pursue their interests.

11. This is what we are doing in Singapore. We try to create multiple opportunities for people, both Singaporeans and non-Singaporeans, to interact and exchange ideas. We provide resources in diverse areas, like bio-science, interactive digital media and environmental and urban solutions, but we do not direct their research or set strict boundaries. Instead, we let individuals decide what ideas to pursue and how to go about doing so. We are prepared to make some long bets, and accept some failures along the way, but we are confident

that ultimately enough projects will succeed to bring us economic progress and good jobs.

12. Fourth, talented individuals must feel a sense of responsibility to the community. Within their own fields, they have to help nurture the next generation of outstanding achievers. In universities all over the world, successful alumni often return to their alma mater, to serve on school boards or to become mentors to younger cohorts of students. More broadly, they have to give back to the society they belong to and which has enabled them to fulfil their potential. We invest substantially in education and scholarships, and our meritocratic system gives every Singaporean full opportunities to advance. But in return, those who do well must help to raise up the rest as well. When good people move from the public to the private sector, we accept it as a loss to the public service, but also see it as one way for talent to diffuse into all sectors of our economy. But wherever they go, we hope they will continue to feel the same commitment to Singapore, and to strive to make this a better country.

#### MAKING SINGAPORE A HOME FOR TALENT

13. However, Singapore does not exist in isolation. We live in a globalised world. People move from one country to another, and talent is especially mobile. Talented individuals see Asia as one playing field. They often work in multiple places, gaining experience and raising their own value, but also spreading ideas and expertise across the region, and creating valuable inter-linkages between our various economies. No country can monopolise or lock in their human capital. What Singapore can do, and tries to do, is to make ourselves stand out as an exciting and inviting corner of the world. In other words, we want to be a Home for Talent.

14. To be a Home for Talent, we must provide exciting job opportunities and a high quality of life. We must also be at the forefront of human capital development, so that people see this as a place to stretch and achieve their potential. And we should develop human capital not just for Singapore, but for the whole of Asia. After all, Singapore is at the cross-roads of Asia. If we can

help Asian economies to gain talent and grow, we ourselves will in turn grow with them.

15. Singapore is in a good position to do this. We can be a hub for research on talent management practices in Asia, as well as a training centre for companies to develop their talent. We are also a convenient venue for different parties to come together to share ideas and discuss new initiatives, as you have done in this Summit.

#### NEW HUMAN CAPITAL INITIATIVES

16. Over the years, we have been building up our infrastructure for research and training, and creating programmes of value to companies and talent. For example, through its *Global Schoolhouse* initiative, the Economic Development Board (EDB) has attracted premier international universities like *Insead*, *University of Chicago Booth Graduate School of Business* and *New York University's Tisch School of the Arts* to set up here.

17. To take us further, we will cluster research, practice and teaching institutions from the region and world. EDB is spearheading the Singapore Leadership Initiative for building Networks and Knowledge (LINK) at One-North. The Singapore LINK will bring together business schools, corporate universities and professional services firms in a single campus devoted to leadership and talent development. This clustering will strengthen the links between research, management and training, encourage corporations and academia to work together on real world challenges and facilitate the eventual adoption of new best practices. Some work is already taking place. For example, Towers Perrin will soon launch a study of cross-cultural leadership in Asia, while Watson Wyatt intends to develop human capital risk management tools for Asian companies. Both projects are expected to involve academic researchers. The Singapore LINK will encourage more such collaborations. We hope to steadily build the Singapore LINK into an indispensable resource for organisations seeking to upgrade their human capital management.

18. Within the Singapore LINK, the Ministry of Manpower and the Singapore Management University will establish a Human Capital Leadership Institute (HCLI). This Institute aims to be the premier institution for raising strategic human capital capabilities in Asia. It will conduct pan-Asian research on important human resource challenges. It will also offer best-in-class training and development programmes on leadership and management to global participants. One such course will be the Singapore Business Leaders' Programme, catering to senior executives who are expecting to take on regional or global responsibilities. The Programme will provide leadership development, networking opportunities, as well as exposure to leading human resource and talent management practices in Asia.

#### CONCLUSION

19. Asian economies have grown strongly over the past few decades. Our success stories all follow a similar pattern. We focused on low cost manufacturing in the early stages of growth, built up savings which we then invested in core infrastructure, trained the workforce and gradually moved up the value chain. But future progress will depend on us making full use of our talent. That is why Singapore sees human capital and leadership development as critical both to Singapore and to Asia, and is continuing to invest heavily in this area. Let us work together to build a strong talent base for Asia, one which will create prosperity for our economies and better lives for all our peoples.