

# What Matters In Boosting Productivity and Business Performance

Presented By:  
Mdm Ho Geok Choo  
CEO, Human Capital Singapore



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# The Importance of Human Capital Productivity in Singapore

*“To sustain economic growth despite a more **slowly expanding workforce**, we have to make a clear shift: to grow based on **skills, innovation and productivity**.*

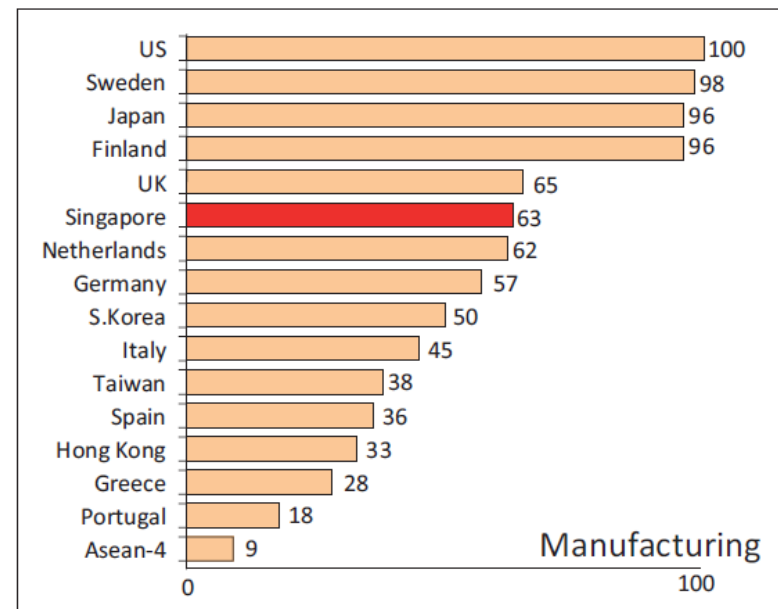
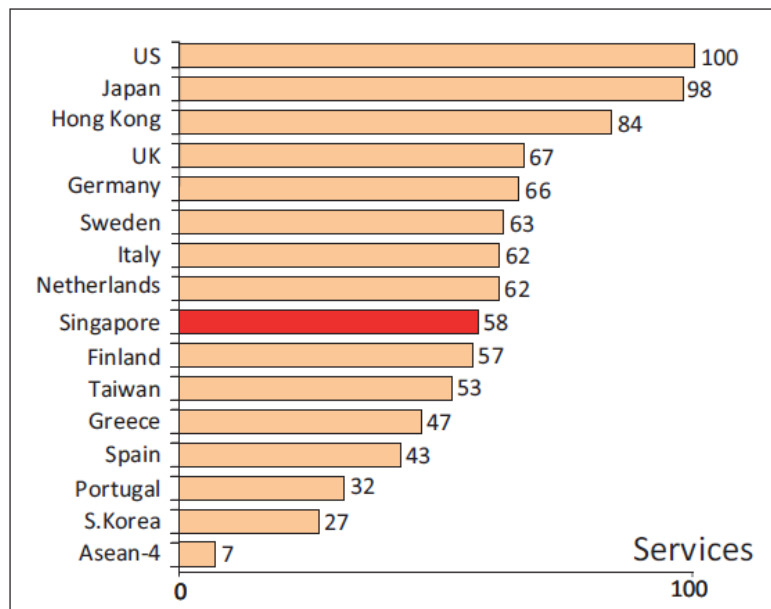
*We must achieve higher productivity growth of 2 to 3 percent per year, enabling our GDP to grow on average by 3 to 5 percent per year over the next decade.*

*To shift to productivity-driven growth calls for a qualitative transformation of our economy. Our companies must compete by **innovating, investing their people and creating higher value jobs**.”*

Recommendations and Strategies by the Economic Strategies Committee February 2010

# When it comes to productivity, who can we learn from?

Expanded investments in technologies and human capital training in countries have proven to be enabling tools necessary for raising productivity in countries such as Hong Kong, Finland and Denmark.



Cross Country Productivity Comparisons: Average Productivity Levels from 2006 to 2008

Source: Economic Strategies Committee Key Recommendations, 30 Jan 2010

# Factors Impacting Productivity & Business Performance

## **Investment (capital/labour ratio):**

- Every initiative requires a specific level of investment, if it is to achieve viability and sustainability

## **Resource availability**

- Absenteeism, inadequate financial resources or a lack of appropriate physical infrastructure

## **Educational and skill level of personnel**

- Inadequate skills can provoke wastage of time and money, excessive error and poor performance

## **Health of employees**

- The physical and psychological work environment impact heavily upon performance and operational costs.

## **Innovation and technology employed (Work Methods/Processes)**

- Productivity improvement cannot be yielded by simply investing in the latest technology as a 'corporate savior'.



# Factors Impacting Productivity & Business Performance

## **Quality and global competitiveness**

- Increasing demands of the consumer market and the business forces competing to serve said customers, affect the level of productivity that is required of our institutions.

## **Labour/management group dynamics**

- Workplace harmony, teamwork and morale are key determinants of how well a business can perform.

## **Employee motivation**

- If employees do not “buy-in” to the goals and aspirations of their employers because they cannot see “what is in it for them”, performance will never reach the potential that is truly achievable.

## **Planning, monitoring and controlling of organisational operations**

- Good leadership is fundamental if the entity hopes to marshal its resources within the pursuit of customer satisfaction and sustainability

## **National work ethic**

- The attitude that each and every one of us exhibits towards contributing to national development and growth, will ultimately determine how productive our organisations can become.

# The Need to Engage Employees

*“Pay and bonuses can motivate employees. But what is becoming a top priority for many are the more **intangible aspects of a job**, including simply enjoying the work they do, being given new responsibilities, and feeling appreciated.*

*Research confirms what common sense suggests — when people are enthusiastic about their work, they are **more productive**.*

*So leading organisations create a culture that embraces what employees value most, such as work-life balance, challenging projects, learning opportunities, decision-making authority, and recognition of success.”*

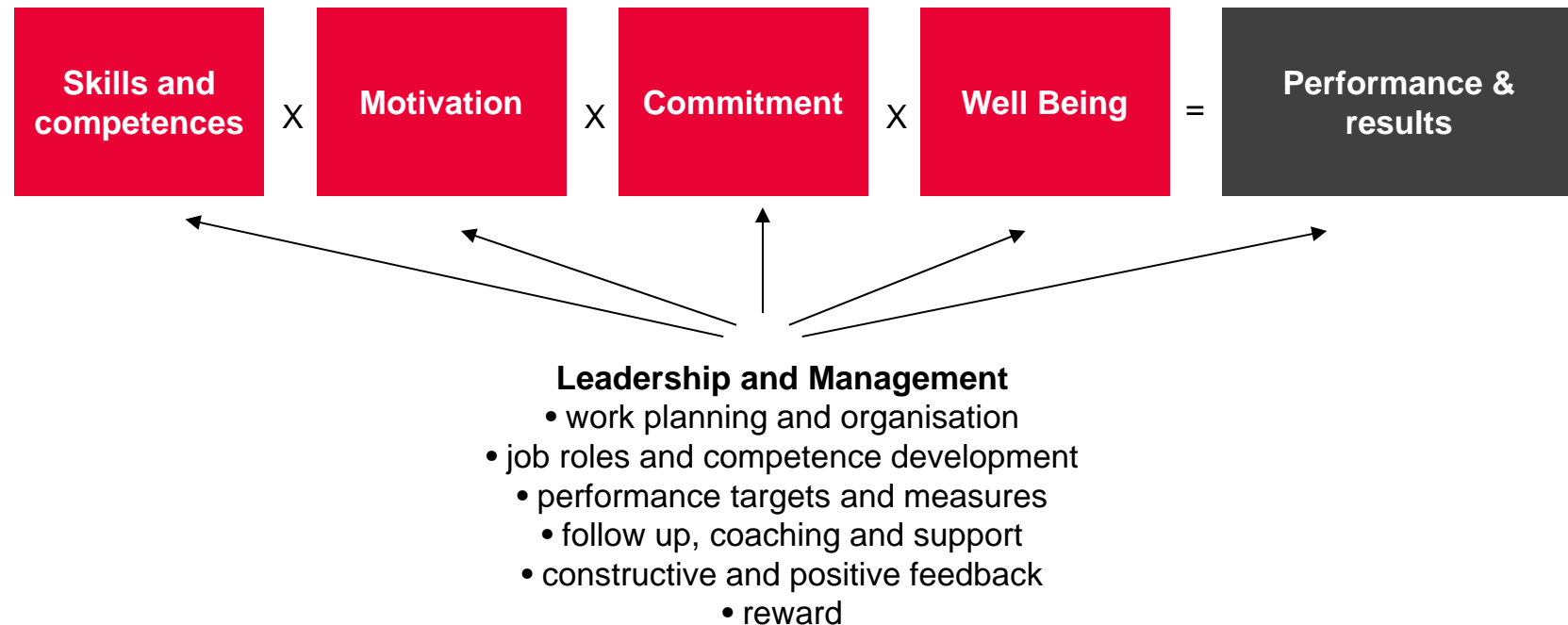
PwC: Talent management trends and best practices - Workforce quality takes center stage in competitive marketplace



# The Need to Engage Employees

According to the results of a Gallup study in August 2010, business units with higher employee engagements attain 18% higher productivity and 16% higher profitability.

Individual's engagement and performance are affected by internal and external factors:



# Different generations have different expectations that affect their engagement

	Respect	Independence	Feedback	Coaching	Work-life	Loyalty
<b>Veterans</b> → 1945	"I have a lot of adversity and I learn from them"	"Tell me what to do and I will do it"	"No news is good news"	"I have learned the hard way and you can do the same"	"Work-life balance is my personnel thing"	"I value loyalty"
<b>Baby boomers</b> → 1945–65	"Experience is knowledge"	"Let's work together"	"Once a year for documentati on"	"If you educate people too much, they will leave"	"Too much work is not nice"	"It is not worth changing a job"
<b>Gen X</b> → 1966–80	"Show me what you know not what you have done"	"Give me some guidelines to work with"	"I am waiting for a frequent feedback"	"If I can not develop myself I will leave"	"I want to enjoy my free time when I am still young"	"I am as committed as you are"
<b>Gen Y</b> → 1980 onwards	"World is changing so fast that experience is irrelevant"	"Don't go too far I have a lot of questions"	"I require instant and continuous feedback"	"Is this part compulsory to know"	"I have so many things going on that I need a lot of free time"	"I am already updating my CV"

# Developing Skills and Competencies to Improve Human Capital Productivity

*“Employees lack the key skills needed to operate and compete in the new emerging environment.*

*CEOs in many parts of the world also identify **skills shortages** as the key challenge for their businesses over the next three years (66%).*

*This is likely why (56%) of CEOs plan to work with government and education systems to create and foster a skilled workforce.”*

PwC 14th Annual Global CEO Survey

# The best companies learn how to maximize returns from people who think for a living



The 21<sup>st</sup> century will see the evolution of myriad better techniques for managing people who think for a living.

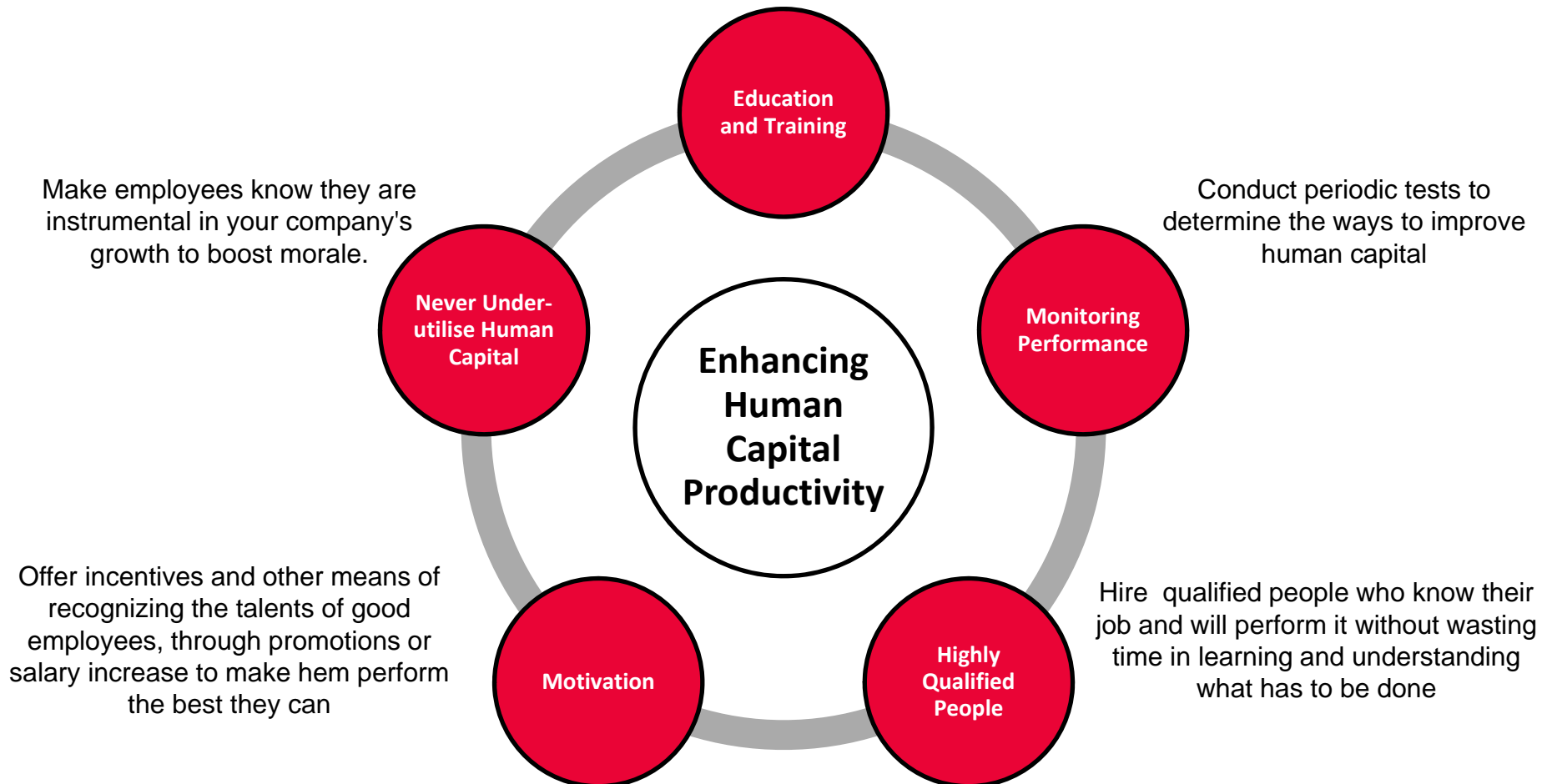
**High Concentration of  
Knowledge**

*Companies that have higher concentrations of knowledge workers (above 35 percent of the workforce) create, on average, returns per employee three times higher than those of companies with fewer knowledge workers (20 percent or less of the workforce).*

**Low Concentration of  
Knowledge**

# Ways to Improve Human Capital Productivity

Provide constant training and sponsor the education of the employees to keep updating their skills to meet the challenges of new technologies and innovations at work



# Measuring Human Capital Productivity

*“In current market conditions, chief executives, finance, and human resource directors are under increasing pressure to ensure their human capital is **competitive**.*

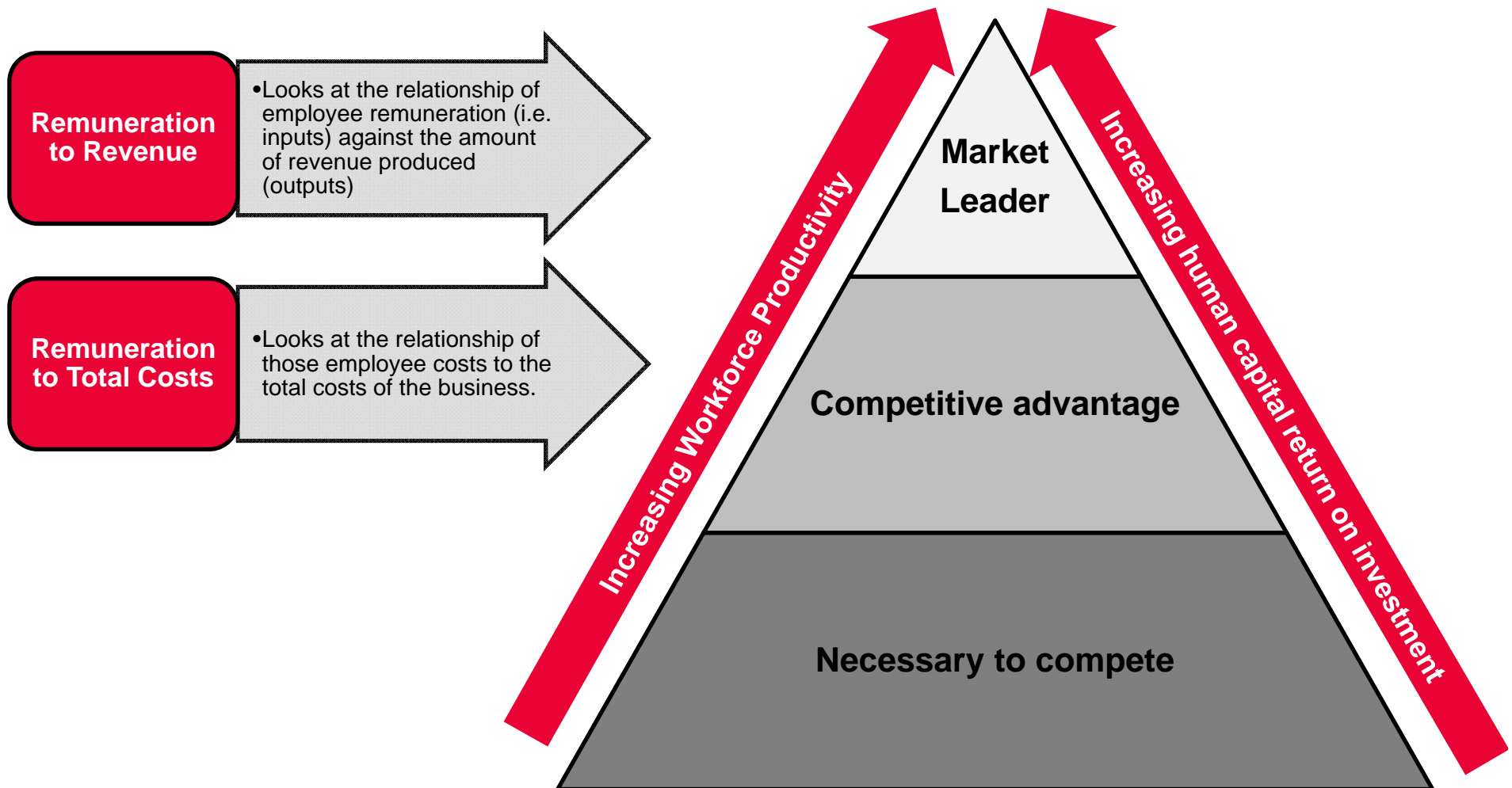
*Stakeholders want **clear, evidence-based explanations** about how people are **creating value** for their organisations.*

*Leading organisations use **people measures** as key performance metrics.”*

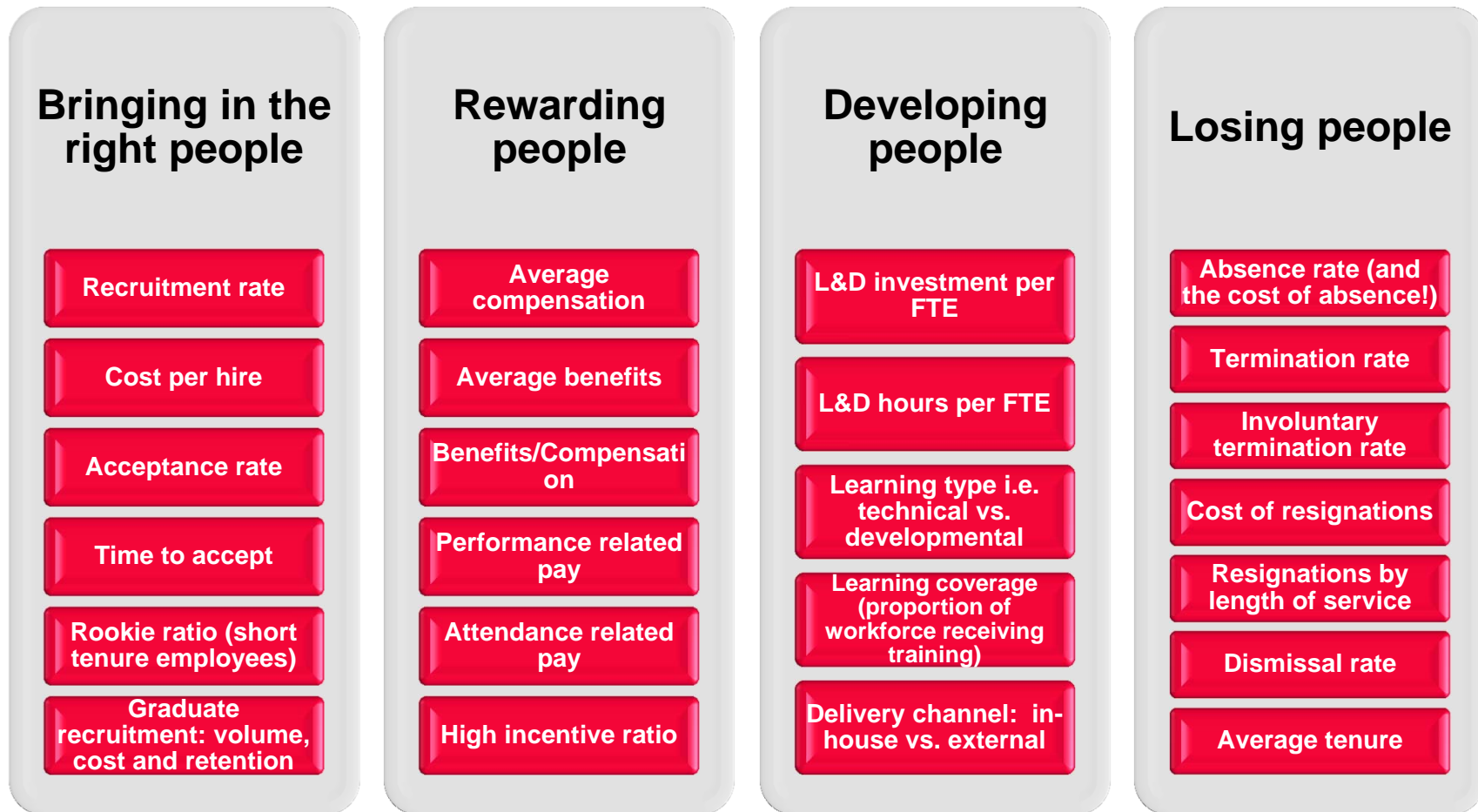
HCBA Diagnostic Tool



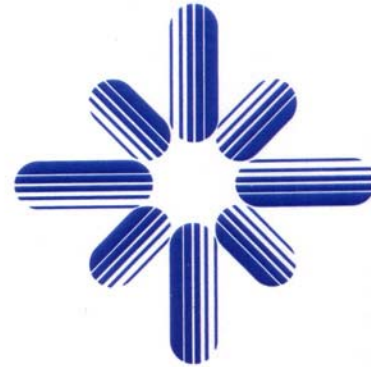
# Human Capital productivity has direct impact on Human Capital ROI



# Examples of Key Metrics in Human Capital Engagement

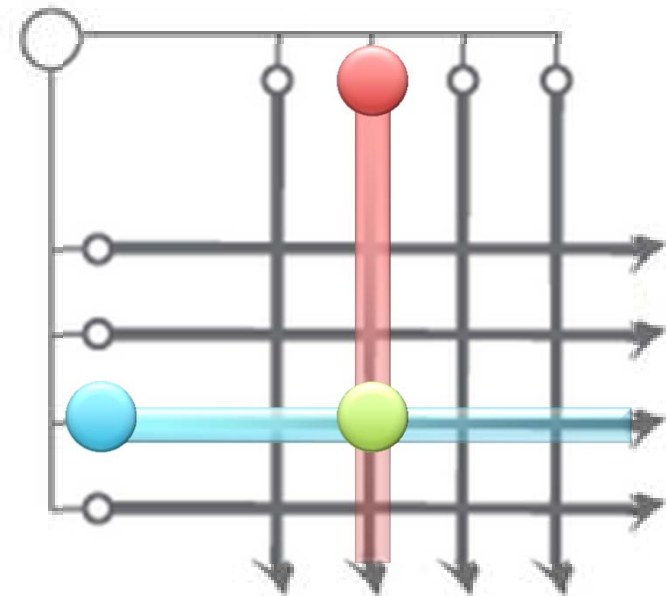
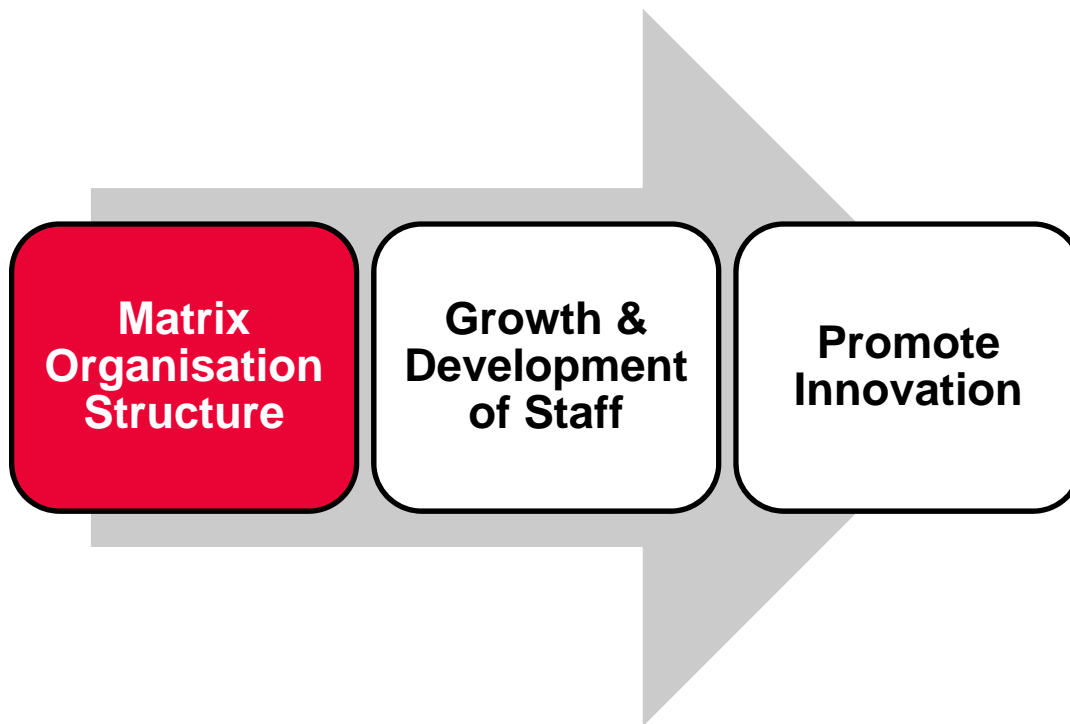


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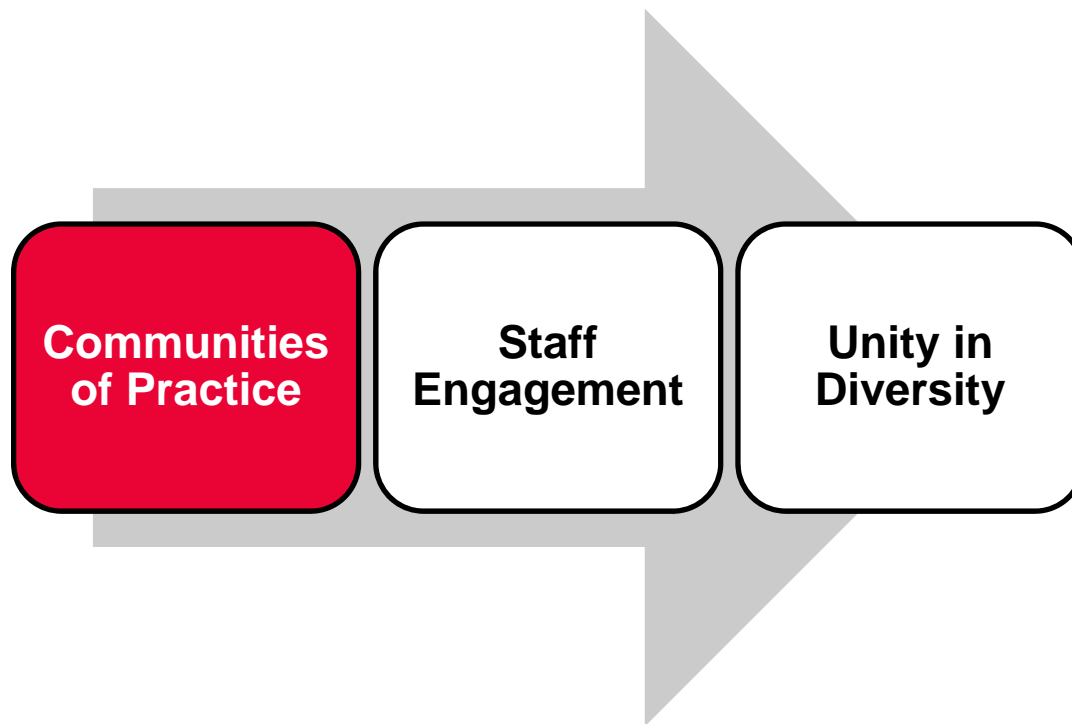


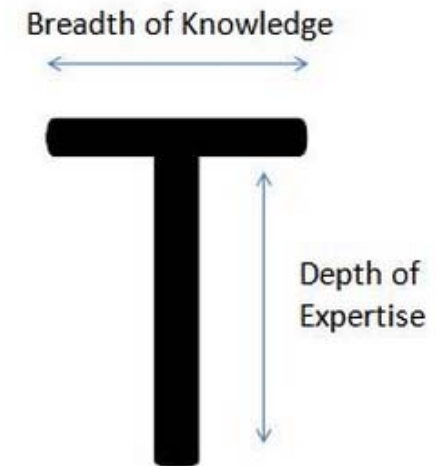
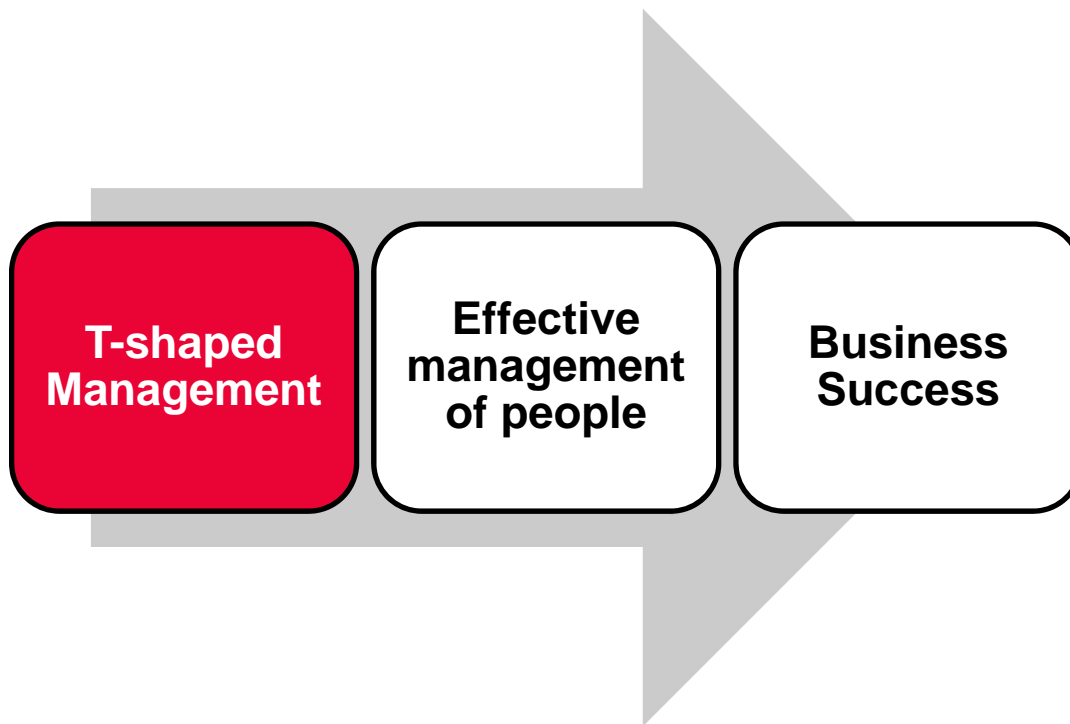
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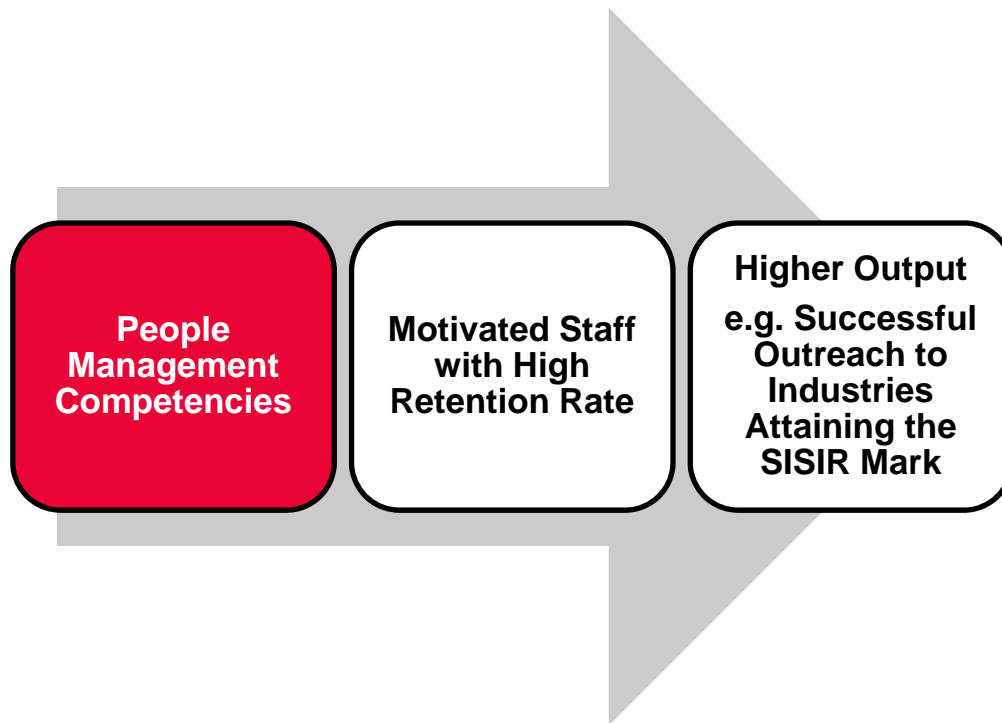


two-dimensional matrix

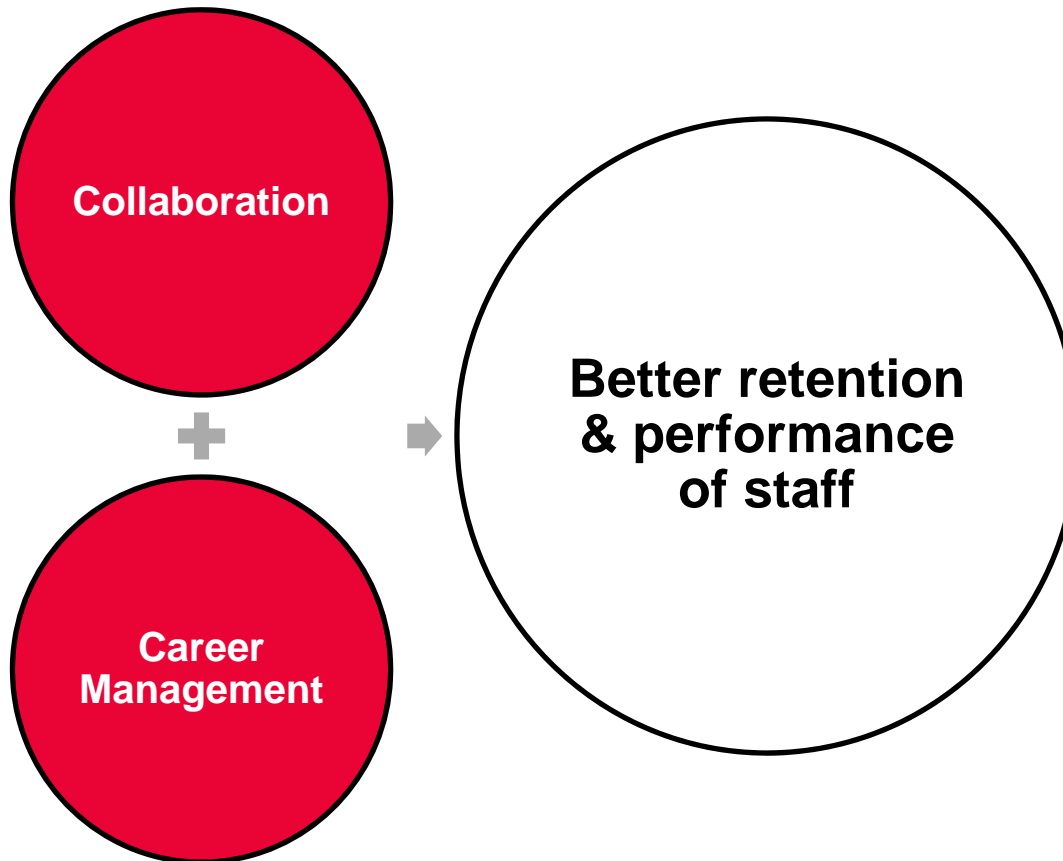






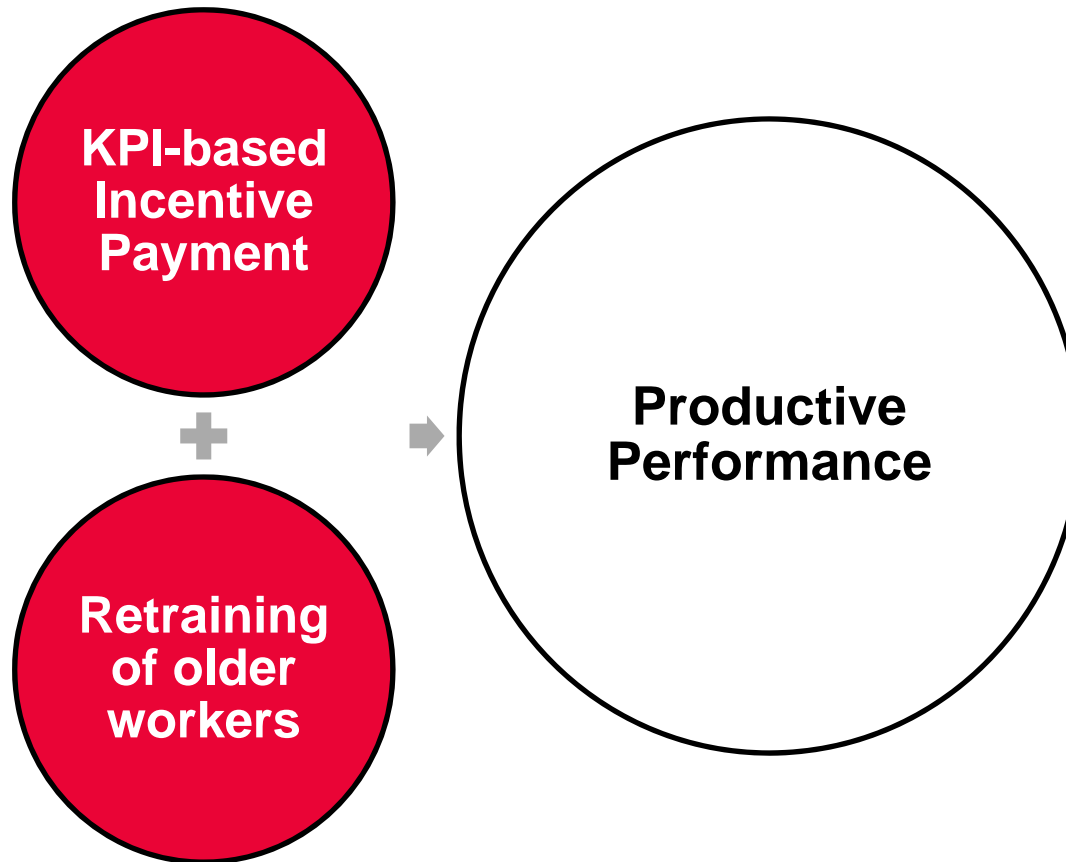






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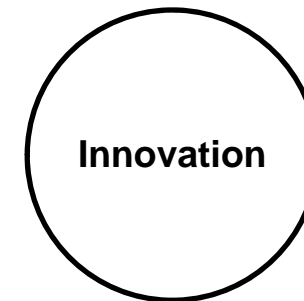
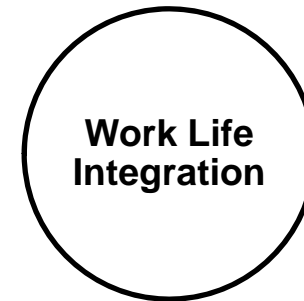
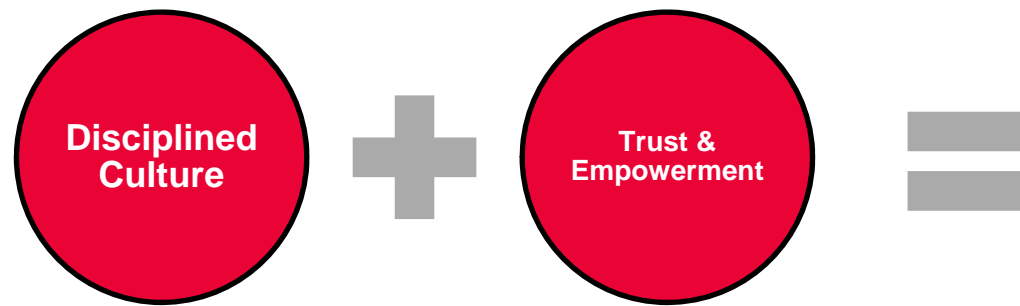




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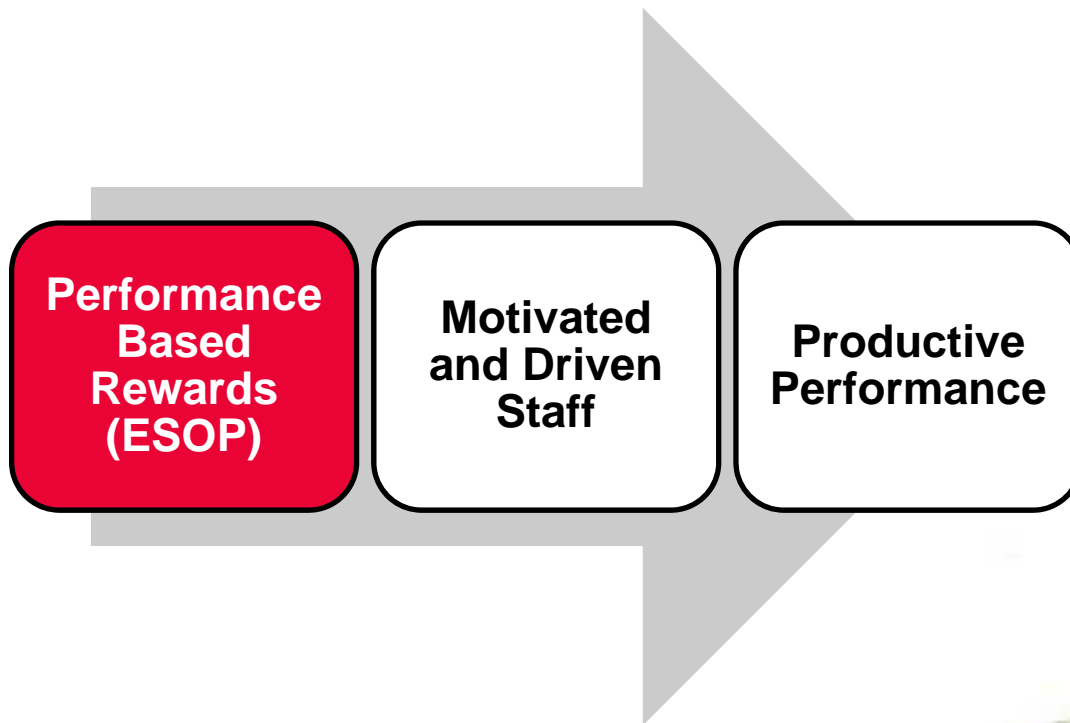


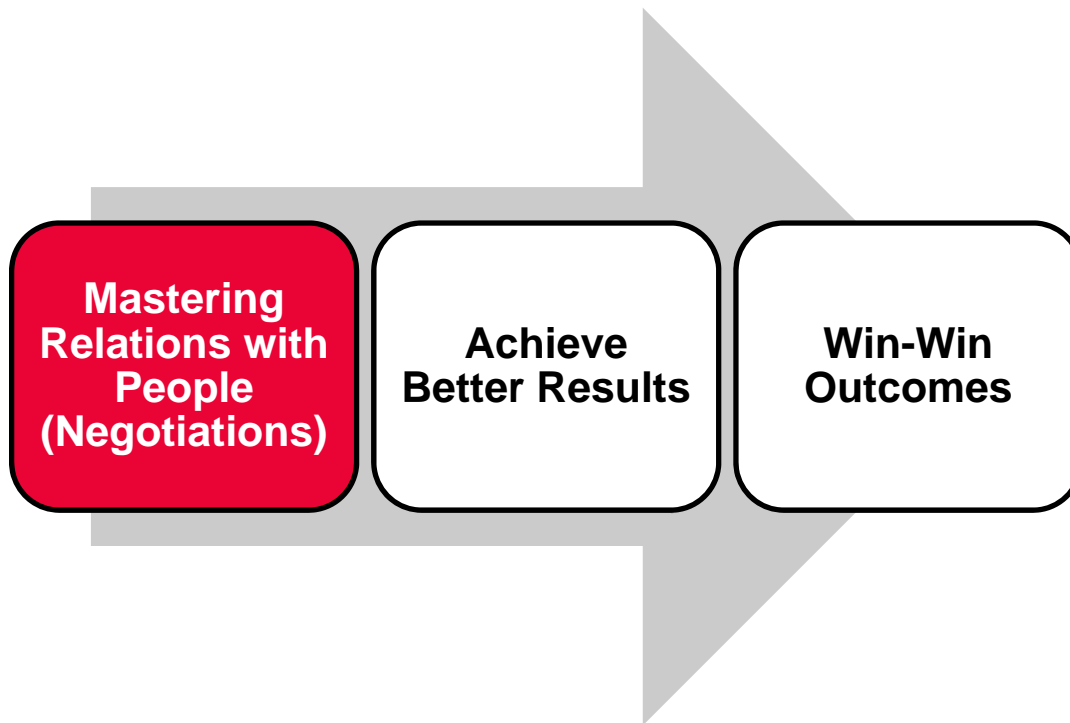




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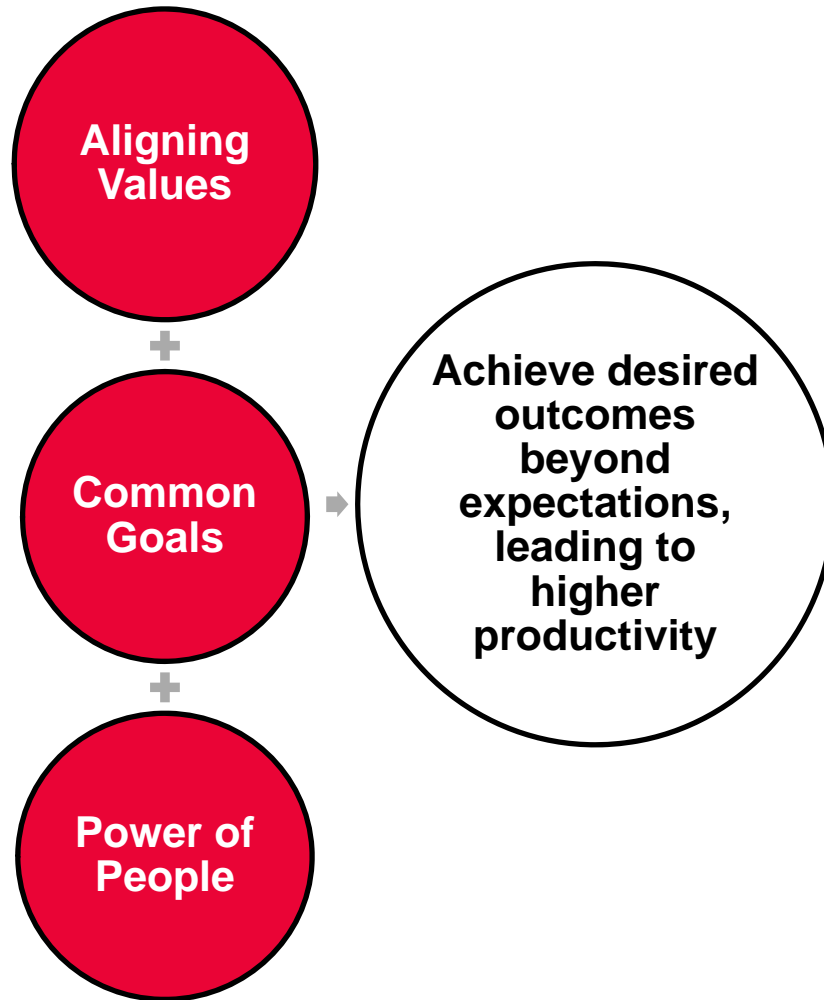












### Evidence of HC Productivity

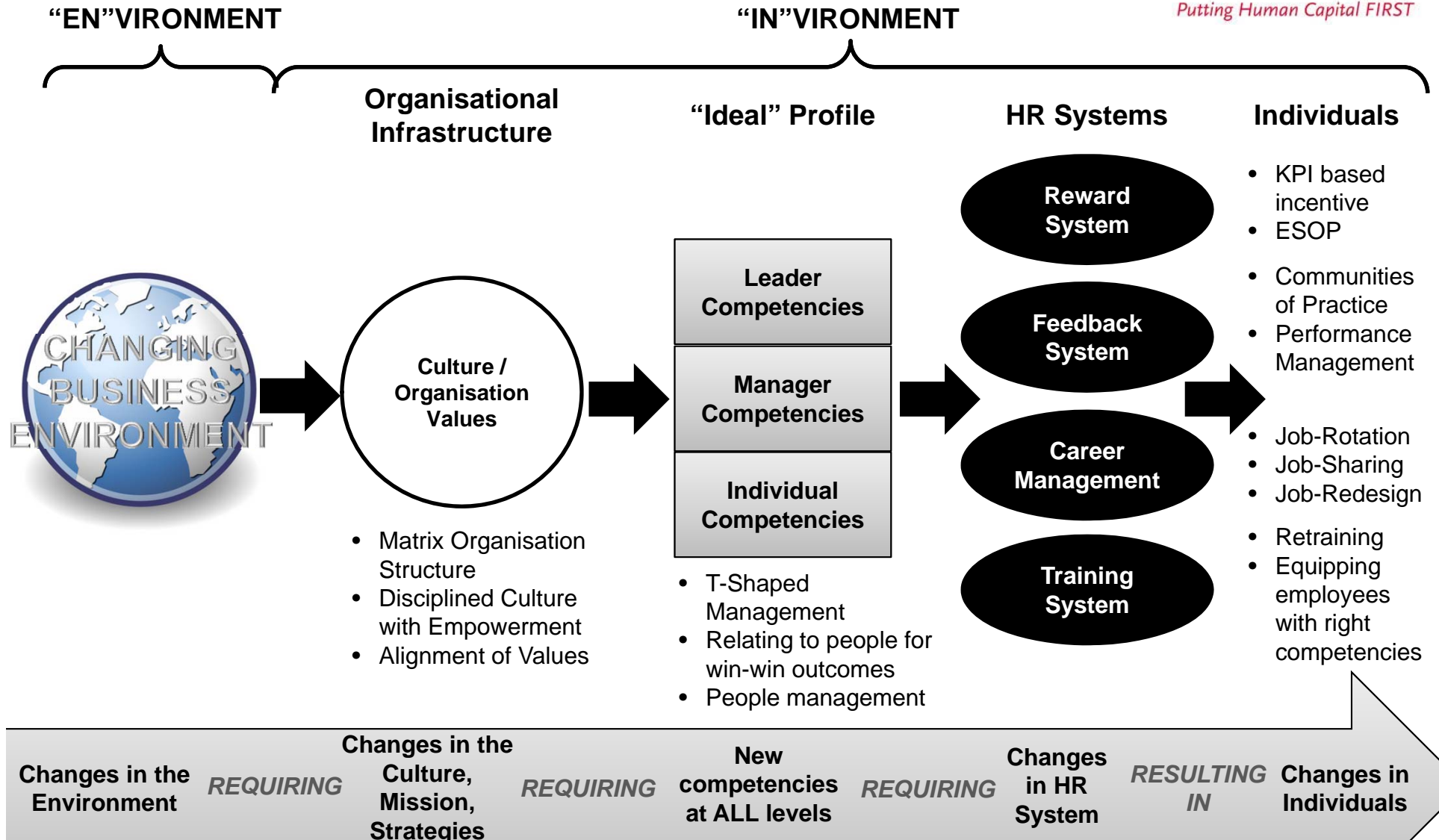
Polled:

- 2<sup>nd</sup> highest votes in Singapore
- Highest votes in West Coast GRC in 2011 GE





# Organisational Transformation



# ***Breakthrough in Productivity Through Human Capital***

***Jointly Organised by HCS, NUS-BS and WDA***



***Supported by SPRING Singapore, e2i, ACI-LKYSPP-NUS***





# ***Breakthrough in Productivity Through Human Capital***



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**Thank you**