

# Tripartism In Singapore

A STEWARDSHIP JOURNEY

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# Executive Summary

**Stewardship is the practice of actively creating, safeguarding, and enhancing value over time, so that entrusted assets can be passed on in a better condition to future generations. Along this vein, a well-stewarded state and company would therefore be key constructive forces in societies as they are underpinned by the will to actualise long-term wealth creation in a responsible manner over a persistent period of time. Focusing on a higher purpose, they cultivate an ownership mentality within their organisation and adopt a long-term orientation without neglecting stakeholder relationships and community development.**

In this report, we explore how Singapore has harnessed tripartism to foster intergenerational growth. Tripartism, at its core, seeks to create a positive sum value for all stakeholders such that a win-win-win situation can be derived for all players, in particular, between government, employers and unions. Evidently, the nexus between stewardship and tripartism is palpable, due to the following reasons:

- 1. Tripartism, as originally intended, is centred on the higher purpose of building a more inclusive society that takes care of the welfare of its stakeholders, thus promoting an ownership mentality with regard to the nation's wealth creation process.**
- 2. It is a prosocial stance that has forged a long-term harmonious industrial relationship, mitigating tensions that threaten the fundamental pillars of a nation's well-being.**
- 3. It nurtures a hospitable business environment, strengthening the social contracts for responsible and sustainable wealth creation, thus enhancing the resilience of nations and organisations to tackle exogenous and endogenous shocks over the long run.**

Although it is argued that the ground for tripartism has become infertile across the globe, especially in

the age of globalisation where public and business interests have oscillated towards a pro-business agenda, Singapore appears to have bucked this trend. Reflecting on its trajectory of tripartite initiatives, the nation had leveraged tripartism to keep up with dynamic macroeconomic trends, and most importantly, to build a competitive economy and inclusive society for Singapore. It remains instrumental in fostering communication, consensus building, value co-creation and co-ownership among the three parties for a future-ready workforce. In other words, tripartism, to this day, still enjoys currency, utility and moral imperative in Singapore's context.

Drawing insights from literature review and discussions with over a dozen leaders from the government, employer groups and trade unions who are active participants in tripartite engagement, this report illustrates the synergistic roles between the state, business employers and employees in fostering an enduring culture of corporate stewardship for equitable and sustainable growth. It seeks to unpack how a tripartite collaboration can be forged and further identify the nexus between tripartism, stewardship practices and sustainable economic development. Also accompanying the report are five case studies that cover key industries or crucial moments which capture stewardship in action through tripartite collaboration. They were selected to reflect the evolution of the functions of tripartism or the nature of tripartite collaboration.

Surmising from the data collected, we can gather that Singapore has put in place pluralistic building blocks that are integral to the viability of Singapore's tripartism model:

- 1. Sustaining good faith and building resilience, deepening mutual trust over successive economic cycles such that these socio-cultural attributes become part of the common ethos over time.**

- 2. Putting in place participatory and integrative dialogue structures — both formal and informal — across key actors at the national, sectorial and organisational levels.**
- 3. Ensuring nimble re-configuration of processes and structural mechanisms based on horizon scanning, adopting systemic instead of piecemeal approaches.**
- 4. Consistently employing a reconciliatory and consultative approach towards integrating business and workers' welfare across successive reform with the aim to achieve a win-win solution.**

Singapore has managed to achieve industrial peace with justice, adopting a pragmatic approach that is both pro-people and pro-business. The shift away from an adversarial approach to an amicable approach in the recent decades was made possible because of the accumulation of trust capital. This trust capital was built painstakingly over the years, predicated on mutual understanding and a consistent focus on values and purpose of fair play, shared growth, stakeholder engagement and responsible stewardship.

In a nutshell, Singapore has cultivated an ecology for tripartism to take root, building on its historical legacies, implementing fit-for-purpose strategies in the present and projecting needs for future adaptations to ensure coherence in reforms and fidelity in intent. Enjoying stable governance, Singapore has the comparative advantage of maintaining longstanding rapport amongst its tripartite partners. For tripartism to remain efficacious, it requires all parties to have the cognitive understanding that synergistic relationships can have positive multiplier effects and that the political will of all parties is integral to sustain collective success. Such a symbiotic relationship between the government and the trade unions, which germinated from a national crisis, is unlikely to be easily replicated elsewhere.

That said, tripartism in Singapore is not immune to challenges. In the face of job automation, employers

are just as vulnerable to disruption as workers. The increasing focus on climatic actions also poses daunting challenges to businesses with little know-how. Pandemics, such as COVID-19, have also underscored the importance of building a resilient business ecology. The tripartite relationship will, therefore, have to evolve. Unions and the government will have to work with employers to reskill their workers so that they remain relevant in the new future.

Additionally, the rise of non-unionised workers and the changing composition of the workforce, as represented by the increasing number of white-collar workers, means that more individuals may not be covered under the current tripartite system. The crux of the problem lies in how to ensure they can access social security in the areas of retirement adequacy and medical care. Concomitantly, on the employer side, there is a growing group of companies, particularly the high-end technology firms, which have little incentive to be part of the tripartite community. If they continue to stay out of the tripartite community, even as their influence in the economy grows, tripartite collaboration might start to lose its relevance for this sector.

Notwithstanding these challenges, at this point of writing, more evidence has emerged to suggest that tripartism still has a pivotal place in Singapore's economy. In the light of COVID-19 crisis, the state, unions and companies are working closely together to save jobs and pave the way to build a resilient economy that will be capable of making an economic rebound when the headwinds turn favourably into tailwinds.

Moving forward, we posit that the relationship between unions and employers — which is the foundation of strong industrial relations — can be further strengthened. In fact, working with companies directly, in an environment of tripartite collaboration, is another step to ensuring that the unions play a relevant role and remain a constructive force. It will also strengthen Singapore's unique brand of tripartism and the stewardship role played collectively by the tripartite partners.



# Preface

## Tripartism: Stewardship in Action



**"Success should not be measured in economic terms alone, but also in social metrics."**

**Mr Lim Boon Heng, Chairman of Temasek Holdings speaking at the Stewardship Asia Roundtable 2016 on the success and relevance of tripartism — Singapore's approach to industrial harmony.**

Singapore's model of labour relations is a three-way collaboration among employers, employees and the government, developed upon the principles of co-ownership; fair play and fair shares; and raising productivity.

Under this model, co-ownership is a form of stakeholder recognition. The stakeholders in a business are the shareholders, the employees, the suppliers and sub-contractors, the customers and the community in which the business operates. As co-owners, each one plays a part in making the business succeed and should receive a fair share of the fruits of productivity. At the same time, a company, in conducting business, should not harm the community in which it operates, for example, harming the environment, or causing social divisions.

Fair play and fair shares are a form of stakeholder alignment. All of Singapore's stakeholders — particularly the core of government, employers and unions — are aligned in the shared objective of growing the economy. During recessions, unions and workers have accepted wage cuts to help companies

ride through the hard times. In turn, employers have also been fair, paying back workers when the economy recovered. Each of these tripartite decisions strengthens the principle of fair play and fair shares, and thereby forging the alignment among the stakeholders. Fair play builds trust — the essential glue for a harmonious society.

Finally, increased productivity is a means to achieving the goals of all stakeholders. The goal of a good government is a better life for the people. The goal of a labour movement is a better life for the workers and their families. And the goal of the worker is social security. All these goals can be achieved through success in business and the corresponding real wage increases that stem from productivity increases, providing the financial means for people to have a better life. Hence, the Singapore government urges unionists to "help make a bigger cake" rather than fight for a bigger slice of the same small cake.

With multiple stakeholders, the success of the tripartite model depends on the quality of leadership

and how well the leaders of these stakeholders work together. Singapore has been fortunate in that the government, employers and union leaders were able to forge a common understanding of the outcome the country should have — a better life for the people.

Over the last fifty years, there have been changes in leadership among the tripartite partners. For the tripartite model to continue succeeding, each new group of leaders has to maintain their alignment. The earlier generation of core leaders has played a critical role in guiding and advising the younger leaders.

In the immediate future, the survival of tripartism will depend on how well the leaders deal with current and potential challenges, in particular the transition of the Singapore economy, and the sharing of the fruits of progress. In many other parts of the world, the fruits of progress have not been fairly shared, leading to social and political turmoil. Singapore, being a fully open economy, will be influenced by what happens in the rest of the world. However, the principles of tripartism remain sound, and for now, the best way forward is for future generations of leaders to continue upholding them.

## KEY POINTS

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### **Businesses, Unions and the Government**

- Businesses have a wider responsibility than just giving shareholders the best returns. As stewards of our businesses, we must be alert to disruption. Stewards must lead and make bold decisions to prepare for change, and nurture readiness for our teams to prepare for what's coming. These principles define how people behave, and the true test of these principles will be during the most disruptive of times.
- Unions champion workers' welfare. However, the best welfare unions can provide for a worker is a job. That means creating the environment for investments, helping workers acquire the skills needed for jobs through training and re-training. Organised labour also has to work with employers to raise productivity, which in turn should drive business growth. Everyone must share in that growth, not shareholders alone. Those that may not make it will need an extra hand. Providing that is also an important part of stewardship in a disruptive world.
- Finally, what is the role of a good government? It must be to give people a better life. Seen in this context, there are convergent interests among the three parties of government, employers and organised labour. There is more to be gained working together than against one another. In short, this is the approach adopted by Singapore. As the world continues to change at a great pace, there are still many areas to improve. Stewardship principles will therefore be refined and reframed to create a collective responsibility to bring about a better world.

*Mr Lim Boon Heng speaking at the Stewardship Asia Roundtable 2018*



# Introduction

## 3.1 Tripartism: A Dynamic Concept

Conventionally, tripartism is defined as the consultation and negotiation of national policies among the three parties in a country — employer organisations, trade unions and government (Fraile & Baccaro 2010). Originating in Europe during the early post-War years, this concept was commonly practiced particularly in the Nordic countries. What further reinforced and institutionalised the concept of tripartism was the setting up of the International Labour Organization (ILO) in 1919, right after World War I, with the belief that social justice is an essential foundation of peace. The ILO brought together the tripartite groups of workers, employers and governments at the international level — not in confrontation, but in a search for common rules, policies and behaviours from which all could benefit (Rodgers et al. 2009).

When documenting its hundredth anniversary, ILO director-general Guy Ryder expounded on the critical role that tripartism plays, “When governments, employers and workers are able to come together, doors open and social justice advances” (ILO 2019). Such camaraderie is, however, rare. History is littered with accounts of tumultuous industrial relations and labour unrest, underpinned by conflicting interests between the tripartite partners. This is notably accentuated by “competitive tripartism” in the 1990s where the competitiveness agenda took precedence (Prosser & Perin 2015). This contributes towards the morphing of social pacts from being redistributive as seen during the post-war regime to becoming de-regulative during the era of globalisation (Visser & Rhodes 2011). With businesses gaining an upper hand in a climate demarcated by labour market liberalisation, the power balance between employer

and employees was further skewed. Wage stagnation ensued and a widening income disparity became the norm. Industrial deregulation resulted in the decline of centralised tripartite partnerships, which was later eclipsed by enterprise-based collective bargaining in many countries (Kuruville & Liu 2010; Soh 2012). As Kuruville and Liu (2010) note, the ground for tripartism had become infertile in general, mainly due to a lack of core focus on employment and social policy; ineffective implementation of its output due to the absence of a centralised and coordinated bargaining apparatus; incoherent organisations and social dialogue structures; as well as a dearth of clear legacy of tripartite policymaking.

Although tripartism may appear to be waning, some scholars have argued for its continued relevance. Surmising from the eight case studies of Chile, Korea, Poland, Singapore, Slovenia, South Africa, Uruguay and Zimbabwe, Fraile and Baccaro (2010) assert that the impact of tripartism on economic reform “has not been trivial” as it has acted as a macroeconomic management tool to improve socio-economic outcomes, cushioning the adverse effects of dislocation, promoting adjustment, enhancing social protection, preserving social relations and increasing the social acceptance of reforms during the unsettling period of structural change. Across the eight nations, the authors conclude that tripartism is strongest in Singapore and Slovenia where it has been intensively employed to pave the path for economic adaptation at a low social cost — a stark contrast to the prevailing downward trend of tripartism in most parts of the world. Here, we have established the premise that tripartism has currency, utility, and moral imperative, especially in Singapore’s context.



## 3.2 The Nexus between Tripartism and Stewardship

While there is an abundance of literature that looks into the impact of tripartism on nations, societies and organisations, we want to explore the theme of tripartism using stewardship as a frame of reference. In particular, we seek to understand how Singapore has harnessed tripartism to enhance its ability to safeguard the future of Singapore across generations, as well as to inspire business leaders to continue this constructive collaboration to enable corporate stewardship. Stewardship is defined as the responsible and whole-hearted management of entrusted assets so that they can be handed over in a better shape to the next generation. This undergirding philosophy of intergenerational empathy requires one to demonstrate the will to create value and wealth in an interdependent manner over a persistent period of time, focusing on a higher purpose, ownership mentality, long-term orientation, stakeholder relationships and community development (Ong & Goyder 2020). We posit that as an enabling mechanism, tripartism can potentially augment a nation's capacity to hand over entrusted assets in a better shape due to the following reasons:

- 1. Tripartism, as originally intended, is centred on a higher purpose of building a more inclusive society that takes care of the welfare of its stakeholders, thus promoting an ownership mentality with regard to the nation's wealth creation process.**
- 2. Tripartism, in its true spirit, is a prosocial stance that has forged a long-term harmonious industrial relationship, mitigating tensions that threaten the fundamental pillars of a nation's well-being.**
- 3. Tripartism can nurture a hospitable business environment, strengthening the social contracts for responsible and sustainable wealth creation, thus enhancing the resilience of nations and organisations to tackle exogenous and endogenous shocks over the long run.**

In his speech at the 2016 Stewardship Asia Roundtable, Mr Lim Boon Heng shared his belief that companies seeking to expand in an environment of trust and cooperation, rather than engage in tussles and confrontations, should pay attention to three key principles: co-ownership, fair play and shared growth. These key principles are created through a stewardship mindset.

**Co-ownership,  
fair play and  
shared growth**

### Co-Ownership

Under tripartism, co-ownership takes on a broader meaning. Business owners own a stake in the company and want it to succeed. But so do the company's workers, partners, and even its customers. These stakeholders act as co-owners and play a part in making the business successful and should thus receive a fair share of the fruits of growth.

### Fair Play

The second principle is the idea of fair play. In simple terms: 'give and take'. For instance, in severe recessions, the Singapore government has not shied away from supporting wage cuts in a bid to retain jobs. But in good times, employers are urged to repay the workers by giving good bonuses and even wage increases. On its part, the government has also dipped into its reserves in 2009 to pilot an innovative wage subsidy to stave off massive retrenchments following the global financial crisis. This interplay of 'give and take' serves to solidify trust and build strong bridges of communication, which, in turn, aligns all parties to similar goals and strengthens tripartite ties in the long-term. Employing fair play helps smoothen out the up and down swings in the economy that Singapore is exposed to, given its heavily interconnected position in the global economy.

## Shared Productivity Growth

Third, with a limited supply of manpower, Singapore has always been focused on getting the most out of its people. Productivity has become a standard mantra for economic planners in the island city, a goal and value shared by the country's employers and employees as well. With all tripartite partners aware of the values driving Singapore's performance, tripartism can be stewarded with a common goal. As a tripartite partner, companies need to recognise that its people are its main asset and adopt a stewardship mindset in developing them for the long-term and raising their productivity such that there is greater wealth to be shared.

In Singapore, the lexicon of tripartism is deeply entrenched in both the business and political arenas. Ms Ho Ching, then-CEO of Temasek International, in her speech at the Stewardship Asia Roundtable 2018 said:

"Singapore promotes a tripartite partnership between labour, business and government for the common good. Businesses must be competitive to succeed, but this is not an end in itself.

**A better life for workers and their families, and a peaceful, thriving and just society**

The end is a better life for the workers and their families and a peaceful, thriving and just society. Hence, government, unions and employers in

Singapore collaborate closely to provide economic opportunities through competitive and successful businesses, and to anchor productive jobs through skills and training."

One of the key principles of stewardship is the idea that the present generation is not the sole owner of the company or the asset. It is merely a steward entrusted with the asset, and charged with the responsibility to grow and enhance its value so that the next generation will be able to carry on the same task. Thus, the role of the steward is about preserving and enhancing value over time, on behalf of others to come (Ong & Goyder 2020). For tripartism to work, businesses are viewed as a means to an end, to support the community and the workers. Profit is

never the end goal; people are. But to care for people, profit must be generated.

In a dialogue at the St. Gallen Symposium, Deputy Prime Minister Heng Swee Keat made a similar point. He said that it is critical that policymakers put people at the centre of all they do.

"We are not pursuing innovation and economic growth for the sake of innovation or growth but rather to see how we can improve the lives of workers. It is key that we protect workers and not jobs."

He also added that unions in Singapore played a critical role on this front by taking a consultative approach and not a confrontational one.

Dilhan Pillay, Chief Executive Officer of Temasek International, shares the same view of a people-centred business approach as it can yield long-term value.

"... we have to put the people first. Why? Because there is dignity in work; there is strength of character; and there is human spirit. When we do that, innovation will happen, and long term value creation can arise and be shared."

**Put people first**

A well-stewarded company not only strengthens its long-term prosperity, it also becomes a constructive force in society. Such corporations become exemplars of sound governance structures, providers of meaningful employment and equitably distributed wealth, as well as offer thought leadership in strategic and sustainable business practices.

Whilst we see stewardship couched more in terms of organisational capacity, it manifests both in the actions of the three partners of tripartism but also in the principles underlying their shared objectives. Tripartism focuses on companies building harmonious ties with the workforce and government to enlarge the economic pie for each key stakeholder. Tripartism, at its core, is to create a positive sum value for all stakeholders such that a win-win-win situation can

be derived for all players. In economic parlance, it could be described as an example of moral capitalism — channelling the power of the market to serve

society, enhancing the well-being of both corporations and citizens.

### 3.3 Data Collection

This report draws from literature review and inputs from discussions and interviews with over a dozen leaders from the government, employer groups and trade unions who are active participants in tripartite engagement. The report seeks to unpack how tripartite collaboration can be forged and further identify the nexus between tripartism, stewardship practices and sustainable economic development.

Accompanying the report are five case studies that demonstrate the nexus. They cover key industries or

crucial moments which capture stewardship in action through tripartite collaboration. They were selected to reflect the evolution of functions of tripartism or nature of tripartite collaboration. See Table 1 for a detailed breakdown of the case studies. From these case studies and the Insights Report, we hope to illustrate the synergistic roles between the state, business employers and employees in fostering an enduring culture of corporate stewardship for equitable and sustainable growth.

Table 1: Selection of Case Studies

Case Study	Chronological Focus	Theme	Impact
The Hydril Strike	Past	<b>Fair Play</b> A look at Singapore's last legal strike	To highlight the impact of an adversarial union management relationship. Lesson learnt on how tripartism is instrumental to bring about dispute resolution.
Leadership in Crisis	Past	<b>Leadership</b> Coping with the 2008 global financial crisis	Featuring the role of stable and visionary leadership in helping to strengthen the function of tripartism, and illustrating how tripartism is instrumental to building trust in times of crisis.
Bus Contracting Model	Present	<b>Engaging Stakeholders</b> Working out the Bus Contracting Model	Bus Contracting Model as a case study to showcase tripartite collaboration for a win-win-win outcome, illustrating how tripartism is instrumental for policy making and leading to nation-wide implementation of policy.



Table 1 (continued): Selection of Case Studies

Case Study	Chronological Focus	Theme	Impact
Banking On Tripartism to Advance	Present	<b>Values and Purpose</b> How the finance industry prepares for the future	Using the finance industry as a case study to feature how companies can prepare the workforce to embrace disruption, illustrating how tripartism can be an instrumental tool in dealing with disruption (past disruption—financial crisis; present disruption—technological disruption).
Sustainability in the Maritime Industry	Present to Future	<b>Long-term Focus</b> How the maritime industry adopts sustainable practices	Examining how the maritime industry adopts inclusive approaches to create sustainable growth within a sector, illustrating how tripartism is instrumental to fostering and promulgating sustainable practices to ensure the longevity of businesses.

Following this introductory section, we describe the socio-political climate and trajectory of Singapore’s key tripartite initiatives, outlining the key players and the rationale behind strategic policies. Applying the stewardship lens, we analyse the salient tenets underlying the employment of tripartism for Singapore’s sustainable economic

and non-economic progress. However, as asserted previously, tripartism is a dynamic concept, and emergent challenges abound as our world becomes increasingly volatile and unpredictable. We spell out the slew of purported challenges and conclude with projections about the future utility of tripartism for Singapore.

# Trajectory of Singapore's Key Tripartite Initiatives

## 4.1 A New Dawn for Singapore: Seeding Industrial Harmony through Trust and Partnership

In a crowded mass rally at Geylang Serai, a fiery opposition politician held the attention of thousands as he sketched a vision where unions and management collaborated to grow the economy and share the fruits of labour. He called this guiding principle “industrial peace with justice”, a far cry from the reality on the ground then. The year was 1959, union-management relations were combative and confrontational, strikes were rife, and industrial peace was elusive.

Industrial peace with justice

But the young leader, Mr Lee Kuan Yew from the opposition People's Action Party (PAP), was undeterred. “Industrial peace alone, brought about

by enforcing law and order, is unjust to the workers, particularly where some of the laws are not in favour of the workers,” said the Cambridge-trained lawyer who had acted as legal advisor to many Singapore unions. “But at the same time, we must all remember that if we seek industrial justice with a vengeance, there will be no industrial peace. And a chronic state of industrial unrest means wrecking the economy.”

He sought solutions that aimed to ensure industrial peace for economic expansion but also to secure justice for workers. More importantly, workers' organisations and employers must be able to work together, negotiate as equals and share the fruits of labour.


He had three bold plans: Set up an industrial arbitration court with full powers to adjudicate and

resolve industrial disputes, unify the disparate unions into an effective labour movement, and build a centrally located union house — a “worthy monument” that reflects workers' contributions. “Previous governments have taken taxes to give to the Royal Flying Club buildings and have leased precious tracts of land to Golf Clubs. A PAP government will give the unions their long overdue share of the public purse,” he pledged.

Mr Lee made this speech on 1 March, two months before the 1959 Legislative Assembly General Election where PAP won 43 of 51 seats. As the party's secretary-general, who was re-elected in Tanjong Pagar, he became the first prime minister of self-governing Singapore. The ensuing sixty years of Singapore's development would see significant progress of these plans to bring about industrial peace with justice — as the nation state overcame struggles with communism and separation from Malaysia.

In hindsight, these actions constituted a major policy direction that brought prosperity to the nation as harmonious labour-management relations proved to be highly favourable for foreign investments, job creation and economic growth. Today, this is termed ‘tripartism’ — where the government, labour movement and employers enjoy good relations and share a common goal of

Tripartism creates value, socially and financially for stakeholders, putting people at the core



enlarging the economic pie as well as determining its distribution. Through enlarging the economic pie, no one is prospering at the cost of another, instead reaping the benefits of tripartism together. Increased financial prosperity begets increased social welfare and vice versa. Tripartism creates value socially and financially for stakeholders by putting people at the core.

In Singapore, the strong partnership among the three parties enabled the formulation of sound policies and

measures. Tripartite collaboration also ensures that recommended measures are supported by the ground and could be implemented effectively for the benefit of businesses, workers and the economy. These measures include overcoming economic crises, transforming wage systems from seniority-based to performance-based, raising the retirement age from 55 to the current 67 years, updating labour legislation as well as promoting productivity and training initiatives to steward a better workforce prepared to meet the challenges ahead.

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## 4.2 Creating Pragmatic Tripartism

Trade unions can be traced back to Britain, set up during a time of rapid industrialisation in the eighteenth century to fight exploitative employers. Legalised in Britain in 1872, this period saw the growth of labour movements in other economies of that time such as the United States, Germany and France. But the relationship between unions and management in those countries was hardly amicable.

There were initially two main types of trade unions — the left wing-supported unions which were

**A collaborative rather than confrontational approach**

anti-employer, anti-colonialism and anti-imperialism; and the British Trade Union Congress (TUC) which emphasised class divisions and antagonism between workers and bosses (Lee 1989). Singapore rejected both models and the National Trades Union Congress (NTUC) decided to take a different approach in 1961 — a path that ran parallel to politics. Unions, under the newly formed NTUC, realised the need to play a constructive role in nation-building and economic development after Singapore's independence. Therefore, they adopted a collaborative rather than confrontational approach. An explanation for this unity boiled down to economic survival, as Singapore was left to fend for itself after gaining independence following its separation from Malaysia. There was no reason to fight each other when everyone could, instead, join forces to fight for survival, generate economic growth and bring about job creation.

Through this approach, the NTUC, with the support of its affiliated unions, was able to eventually win over the workers and become the only trade union congress representing the interests of workers since Singapore's independence. A new era of industrial relations began, with the PAP-affiliated NTUC maintaining a close relationship with the political party until today. Some unionists became PAP candidates and labour MPs. Since 1980, the Secretary-General of the NTUC has also been a Cabinet Minister.

When Mr Lim Swee Say was asked by his Chinese counterparts to explain the secret behind Singapore's success in the mid-1990s, the civil servant who later became a minister and labour chief distilled it into three pillars. The first pillar is creating a competitive economy. "This means we are pro-business. If not, we will be poor together," shared Mr Lim who was NTUC secretary-general from 2007 to 2015 and Minister for Manpower from 2015 to 2018.

The second pillar builds on the first — to develop a cohesive society. "If we are able to compete, then what do you do with the money created? We should improve the quality of life for all Singaporeans," he noted. "Society must be cohesive, or we will have social tension and social divisions. So being pro-people is our real end objective."

**Pro-business  
AND  
Pro-people**

The third pillar is to ensure the first two pillars are sustainable. “It is easy to be pro-business or pro-people for ten years. But we need to be like that forever,” he stressed. “We need to have sustainable development, a balance so that the two (pro-business and pro-people) can mutually reinforce each other.”

Mr Lim conveyed this philosophy to the Chinese, who responded that Singapore has a “san qi jing”, or 30-70 rule, where the city-state is 30 per cent pro-business and 70 per cent pro-people. When Mr Lee Kuan Yew, then-Senior Minister, heard about this observation by the Chinese, he laughed, recalled Mr Lim. “Mr Lee said he never thought of it this way. It depends on the situation, if we need to be more pro-business, we will be more pro-business, and vice versa. It is a dynamic situation, which requires pragmatic solutions. You need to balance between the two responsively and consistently,” he explained.

Mr Lee’s response accurately captures how Singapore usually deals with issues — with a heavy dose of pragmatism. This balance between being both pro-business and pro-people or worker is what undergirds Singapore’s tripartism framework.

It is not a conflicting message, noted Mr Lim Boon Heng, former minister and labour chief and current Chairman of Temasek Holdings. “It is a fallacy that being pro-business means being anti-worker. Being pro-business can also be pro-worker,” he said, relating a story of how a Budget statement that had incentives to develop the finance industry was initially misconstrued as not being pro-worker.

“The headline in the Straits Times was ‘The Shenton Way Budget’. Several persons were quoted bemoaning that there was nothing for workers. Union leaders were disappointed,” noted Mr Lim who is the longest-serving labour chief, holding the office from 1993 to 2006. “I asked them, ‘Do we want workers to have higher wages?’” They answered, “Of course!” I then said, “Higher wages come from higher productivity. When the value-added is higher,

then workers can enjoy higher wages. Which sector has the highest value-added per worker? It is the finance sector. Therefore, the Shenton Way Budget is also pro-worker!”

How did Singapore reach this balance of being both pro-business and pro-worker? It was a gradual process that began with Mr Lee Kuan Yew’s vision in 1959 of attaining industrial peace with justice, and the introduction of the Industrial Relations Ordinance in 1960 to regulate collective bargaining and dispute settlement. But modern Singapore’s formative years from self-rule in 1959 to independence in 1965, were tumultuous.

As the new government moved into the first phase of industrialisation to create jobs for the growing labour force, conditions were still chaotic with communist insurgencies, labour unrest and riots. Labour relations were highly adversarial in 1961, with 116 strikes resulting in hundreds of thousands of man-days lost due to work stoppages.

Singapore’s separation from Malaysia in 1965 marked another turning point. Mr Lee, in a speech to union leaders, declared that the days of labour agitation were over.

**Days of labour  
agitation  
were over**

The young nation started an aggressive campaign to attract new investment by, among other measures, amending labour regulations to bring about industrial harmony and support industrialisation. In 1968, two major pieces of legislation were introduced — the Employment Act and Industrial Relations (Amendment) Act. The former spelt out basic employment terms and conditions, while the latter re-calibrated managerial power to management to decide on issues relating to recruitment, promotion, transfer, assignment of duty, termination of employment and retrenchments. At that time, these functions had relatively greater labour involvement owing to aggressive union bargaining.

These legislative changes contributed to a change in the labour landscape, as trade unions discarded

a confrontational stance and focused on a co-operative approach in industrial relations. They could not “function on styles and tactics developed

during pre-independence days,” observed the civil-servant-turned-politician Mr Lim Chee Oon, who was labour chief from 1979 to 1983 (Lim 1977).

## 4.3 An Inflexion Point: Staying Relevant and Impactful

### Co-drivers of social and economic development

To redefine their new role, the NTUC held a Modernisation of the Labour Movement Seminar in 1969. Their plans included going beyond collective agreements to becoming co-drivers of social and economic development by setting up cooperatives that offered affordable essential goods and insurance coverage for the workforce. It also helped create jobs.

With the adoption of a new approach, the number of strikes reduced significantly. Between 1970 and 1971, there were only seven strikes with 7,963 man-hours lost. This stands starkly in contrast to the 116 strikes in 1961. The post-separation crisis was the backdrop for the unions to emerge embracing a more collaborative approach that led to better ties between employers and the government.

Then-Deputy Prime Minister S. Rajaratnam pointed the way forward for trade unionists in his speech

at the Modernisation Seminar. “Responsible trade unionists must undertake two tasks — to increase the size of the economic cake and also to ensure that the slices are correspondingly larger.” He added that employers are also different from the past, ushering in a new era of tripartism where labour-management relations moved from adversarial to amicable.

### From adversarial to amicable

At that time, there were two main employer unions — the Singapore Employers Federation (SEF) and the smaller National Employers Council (NEC). Following the suggestion of the then-Minister for Labour, both were merged to form the Singapore National Employers’ Federation (SNEF) in 1980. The SNEF, which is formed to promulgate tripartite collaboration and employer representation on labour relation issues, now has a membership of over 2,000 companies employing 600,000 workers. This covers about 20 per cent of the workforce.

## 4.4 A Tripartite Institution: The National Wages Council

### Stewardship role

Three years after the labour movement’s modernisation seminar, the first tripartite platform was launched in 1972: the National Wages Council (NWC). The NWC marked the institutionalisation of tripartism. It brought together the government, employer groups such as SNEF and the NTUC — to

negotiate national wage adjustments every year. It was also instrumental in revamping the wage structure towards being more flexible and performance-based.

The NWC was set up during a time when Singapore was undergoing rapid industrialisation due to an influx of investments. A tight labour market and



double-digit economic growth resulted in rising wage expectations, with concerns that it would lead to serious industrial disputes which could dampen the investment climate.

Hence, the NWC was tasked to formulate wage guidelines that were in line with long-term economic growth. This has been cited as a key factor in managing wage expectations for both the employers and workers, promoting industrial harmony, and playing an important role in coping with crisis including the 1973/74 oil crisis, various economic downturns and the Global Financial Crisis, as well as ensuring greater rewards (such as pay-outs and ex-gratia) for workers in years of economic growth. It can be said that NWC assumed a stewardship role in ensuring that adjustment to wages is in line with the government's macro objective of long-term economic growth and social advancement.

Soon after it was set up, labour unrest such as strikes and work stoppages tapered off. By 1978, Singapore achieved industrial peace with justice, noted Mr Lim Boon Heng. However, the record of eight years of strike-free industrial relations was disrupted by the last legal two-day strike since then, which took place on 2 Jan 1986 (see case study on Hydril strike). Singapore has remained strike free since 1986.

But the lack of strikes was not the only barometer of industrial peace. The tripartite system put in place also helped. This was most evident during the 1985 recession, when the Economic Review Committee — tasked to help the economy recover — recognised high wage costs as causing structural rigidity and recommended a wage freeze as well as cuts, and a more flexible wage system.

The NWC responded swiftly by proposing wage cuts, including reducing the employers' Central Provident Fund (CPF) contribution rate, as well as calling for wage

reform. It also moved away from issuing quantitative to qualitative wage guidelines, to allow for more flexibility in wage negotiations and accelerate wage revamp at the company level.

Over the next few decades, tripartism was sustained and further entrenched into the system — helping Singapore cope with several rounds of recession and economic restructuring. All parties forged ahead with the stewardship mindset of operating with a long-term focus. This is the thinking behind how Singapore addresses the issue of low wage workers in certain sectors of the economy such as cleaners and security guards.

In 2012, the NWC moved to issue specific guidelines, including quantitative guidelines, on raising the wages of low-wage workers. For the first time since 1984, the NWC spelled out exactly how much employers should raise the pay of workers earning \$1,000 or less by calling for employers to give a \$50 pay hike. It followed up with annual calls for more pay hikes, \$60 in 2013 and \$60 in 2014, moves which helped tackle the pay inequity head-on.

Unions, as active participants in the NWC wage policy deliberations, have benefitted from tripartite collaboration. According to current labour chief Mr Ng Chee Meng in his 2019 Labour Day speech, unionised workers enjoyed an average wage increase of 4.2 per cent per annum, higher than the rest of Singapore at 3.5 per cent (Ng 2019). Functioning as a steward, the NWC has led to the creation of value for all stakeholders, without sacrificing one tripartite partner for the other.

The NWC, in its implementation of wage policies, clearly foregrounded the nexus of tripartism and stewardship, namely: leadership, long term focus, engaging stakeholders, encouraging fair play, and having clear values and purpose.

**Stewardship  
mindset**



## 4.5 Institutionalising Relationships through Rapport Building

A few years ago, after a tripartite golf game, the then-labour chief Mr Lim Swee Say approached Mr Stephen Lee with a peculiar request. “He said, ‘Stephen, I need you to agree to something,’” recalled Mr Lee with a wry smile. “I asked him what it was. And he replied, ‘Before I tell you what it is, you must say yes’. In the end, I said ‘okay, okay,’” said Mr Lee.

This was how Mr Lee became the first Chairman of Tripartite Alliance Limited (TAL), a company funded by the government, unions and the national employer group. Among other things, TAL helps manage the Tripartite Alliance for Fair Employment Practices, which issues guidelines and monitors employers and how they are recruiting and treating their employees. It also handles a key dispute mechanism that mediates between employers and employees on employment issues.

The reason why Mr Lee said yes without knowing what the commitment was is due to a simple factor: trust. Both Mr Lim and Mr Lee had by then, been working together for over a decade in their respective roles. Their bond based on trust was forged by dozens of meetings, hundreds of hours of negotiations and endless nights of consultations.

As the respective heads of their organisations, they had to find common ground on issues that would affect both companies and employees such as defining retirement age and working together to find a way out of the Global Financial Crisis (see case study on Leadership).

Establishing trust and mutual understanding between parties is the cornerstone of tripartism in Singapore. Replicating this model will have to take into account the importance of creating institutions and promoting regular interactions that support the process of trust

building. One big feature is to establish a common platform to facilitate ongoing interactions where participants discuss dicey issues but always with a focus on finding common ground.

Examples of common ground initiatives include, among others, the NWC and the various tripartite committees for low wage workers, older workers and retirement age issues. Indeed, companies are engaging directly with the NTUC through their pilot programme which works with them to identify skills and training for workers. These Company Training Committees (CTCs) are aimed at preparing workers for the new digital economy but also have the benefit of enhancing relations between company management and the union representatives.

Similarly, unionists also said that building friendships across the aisle, whether it is with management or with government officials, is critical. If a problem arises, addressing the issue informally, such as with a phone call, informal catch-up over coffee or after a golf game, often works more efficiently than in a formal boardroom setting.

Manpower Minister Josephine Teo recalled that when she was first posted to the NTUC, she wrote policy papers but was soon struck by how unions always preferred to meet face to face. She realised that getting a voice on the other side of the line made things move more quickly and efficiently. “I learnt I would be far more effective making phone calls or meeting over coffee or tea,” she said.

Mr Stephen Lee described these interactions as ‘institutional relationships’. “In the early days, we often thought about how to institutionalise these relationships. In those days, there was no WhatsApp. But we wanted it so that the

**Establishing trust and mutual understanding**

**Institutionalising relationships**

guy on one side will have no problem to pick up the telephone and call the other side to talk,” he said.

Back in the 1990s, Mr Lim Boon Heng started weekly golf sessions that brought together union, employer and government representatives for a leisurely game. Many difficult issues were tackled on the greens, in the process forging many friendships as well. And even though playing nine holes at 6 a.m. in the morning may seem unremarkable, Mr Lim noted that it takes commitment to turn up weekly for the sessions. “It’s

a social platform to get together but also functioned as an important forum to build ties,” he added.

These are not complex and complicated ideas but they are inherently difficult to carry out. After all, the conventional view of the employer-union relationship is that of a zero-sum game. Tripartism in Singapore shows that it can be more than that — a mutually beneficial and synergistic relationship.

**A mutually beneficial and synergistic relationship**

## 4.6 Evolution of Tripartism: For a Competitive Economy and Inclusive Society


Reflecting on the trajectory of tripartite initiatives in Singapore over the past decades, the evolution of these policies and initiatives have underlined the increasing need for tripartism to be developed and institutionalised to keep up with the dynamic macroeconomic trends, and most importantly, to build a competitive economy and inclusive society for Singapore. The evolution of tripartism can be segregated into three distinctive phases: Reform, Resilience and Transformation (see Diagram 1).

When Singapore first embarked on the journey of nation building, tripartism was a key instrument to the industrial peace and labour law reform from the 1960s to end of 1970s. In order to attract foreign investment and create jobs, all three parties — government, labour unions and employers had to collaborate and each pull their weight in their respective areas of influence: the government made it a priority to embark on an export-oriented industrialisation process and revamped the labour law, so as to create a conducive environment to attract foreign direct investment (FDI); the labour unions had to abandon a confrontational approach strategy in favour of a constructive labour relations climate; employers had to redirect their investment into Singapore, create jobs and adhere to employment standards. The success of industrialisation had led to an influx of investment in Singapore but the

labour market was tight, resulting in the pressure to increase wages. To tackle this rising problem, the first tripartite committee — the National Wages Council (see preceding segment) was formed, playing an active role in setting guidelines for wage adjustments and policies. This led to industrial peace.

However, productivity was not rising as fast as wages. Compounded by competition from other countries, Singapore saw the need to launch the first Tripartite Productivity Drive in the 1980s, looking into aspects of skills upgrading and automation, as well as to enhance worker involvement and foster better teamwork. All was good until the first recession in 1985 prompted tripartite responses such as wage freeze, wage reform and cost-cutting measures such as adjustment of employers’ Central Provident Fund (CPF) contribution rate. These measures led to a successful economic rebound in 1987 and the Singapore economy continued to remain competitive throughout the 1990s.

The role of tripartism in Singapore from the end of 1990s till the end of 2000s was characterised by the notion of resilience. The 1997 Asian Financial Crisis saw massive retrenchment in 1998, but the measures by tripartite partners such as cuts in wages and provident fund contribution enabled the Singapore



economy to rebound in 1999. The economic review in the early 2000s saw the need for more tripartite initiatives such as fine-tuning provident fund contributions, enhancing wage flexibility to maintain competitiveness and developing the human capital to maintain strong economic growth. However, the 2008 Global Financial Crisis once again tested the resiliency of Singapore's tripartite initiatives, with the government launching the Resilience package, which included the Jobs Credit Scheme and the Skills Programme for Upgrading and Resilience (SPUR), with the unions and employers being involved through consultations. Management of companies even took the lead in taking voluntary pay cuts, in response to the ministry of manpower's call to "cut costs to save jobs" and "not cut jobs to save costs". These tripartite initiatives have deepened the reservoir of trust and strengthened Singapore collectively for future challenges.

Moving on from 2010, there is a need for tripartite initiatives to transform due to the evolving operating environment, such as slower local work growth, rise of more professionals, managers and executives (PMEs) and impact of technology and globalisation on jobs. With the objective of continuing to foster inclusive and sustainable growth and create value-driven jobs, the tripartite partners continued to collaborate and identify the necessary skills and practices needed to bring this about. This saw the introduction of SkillsFuture in 2015 as a national effort to support Singapore's next stage of economic advancement by providing lifelong learning and skills development opportunities for Singaporeans, spanning across the workforce and covering all educational backgrounds and sectors.

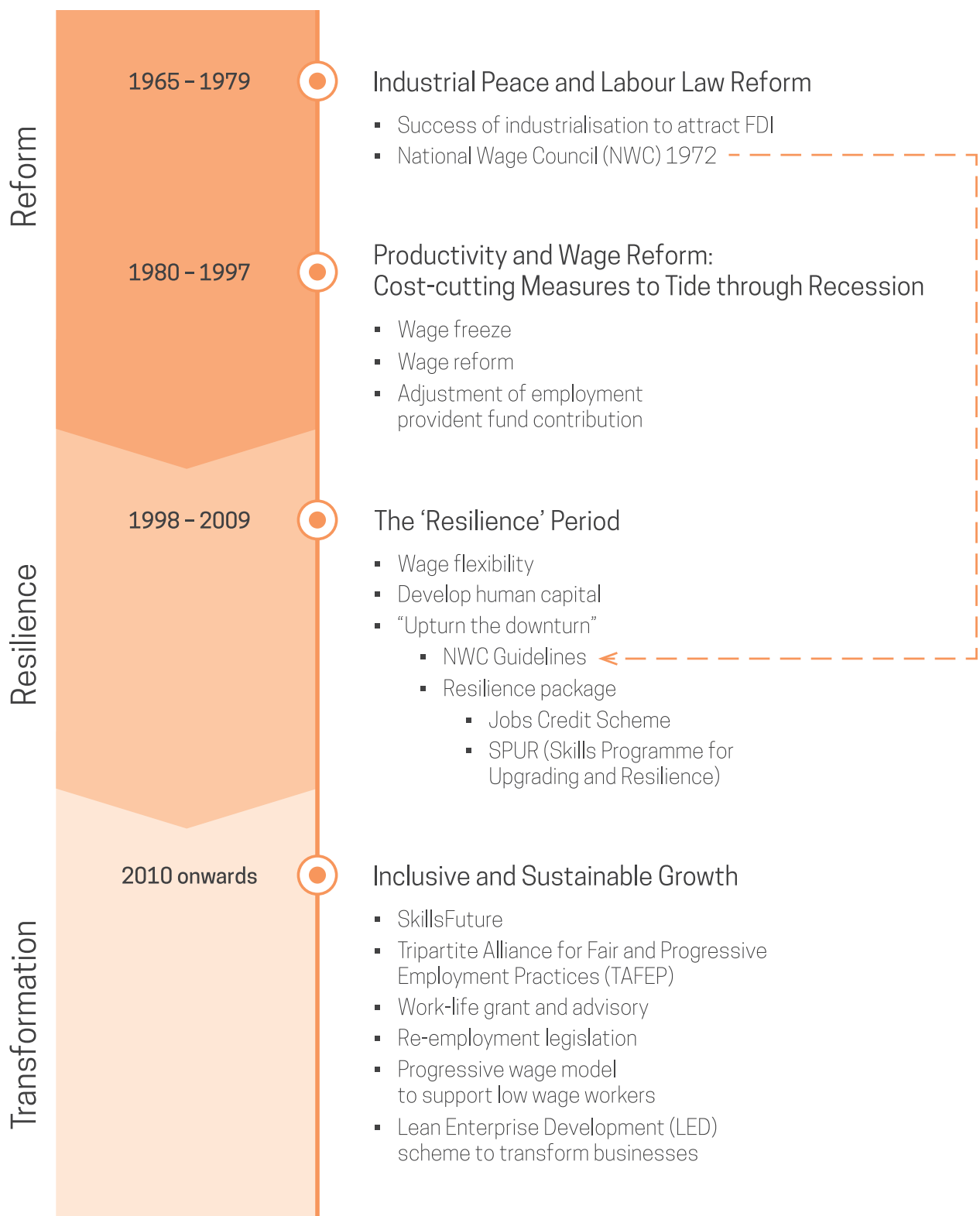
The SkillsFuture is another hallmark of the Singapore tripartite initiative as it is a platform for the government, unions and employers to come together as one based on the following four-pronged approach:

- 1. Help individuals make well-informed choices in education, training and careers.**
- 2. Develop an integrated high-quality system of education and training that responds to constantly evolving needs.**
- 3. Promote employer recognition and career development based on skills and mastery.**
- 4. Foster a culture that supports and celebrates lifelong learning (SkillsFuture n.d.).**

In addition, the Tripartite Alliance for Fair and Progressive Employment Practices (TAFEP, formerly known as Tripartite Alliance for Fair Employment Practices) was also formed in 2006 to consistently promote the adoption of fair employment practices. This resulted in the formation of branched out tripartite committees to perform various roles and tasks such as: providing work-life grants; serving in an advisory role to improve talent attraction and retention and hence, increasing the employability of workers; introducing re-employment legislation for workers above age 62 due to the issue of an ageing workforce; developing a progressive wage model — a wage-skill ladder that ties wages to training and improvements in productivity to support low wage workers; promoting stronger business growth by introducing the Lean Enterprise Development (LED) scheme to support companies in their transformation efforts.

In the process of building a competitive economy and inclusive society, tripartism has become instrumental in fostering communication, consensus building, value co-creation and co-ownership among the three parties, further institutionalising tripartite initiatives for a future-ready workforce.

Diagram 1: Summing up the Trajectory of Singapore's Policy on Tripartism



(Adapted from: Chia, Yap & Teo 2015)

Note: Details on the summary of the trajectory of Singapore's policy on tripartism were referenced from the presentation on "Tripartism for a competitive economy and inclusive society" presented at the 2015 International Forum on Tripartism (IFT).

# Discussion of Case Studies

## 5.1 Stewardship Undergirds Tripartism

**Why did businesses work together with unions in each of these instances? The answer lies in understanding and seeing the role of companies and businesses within Singapore's system through a stewardship perspective. No longer is the pursuit of short-term profit the only or overriding objective of a company — many businesses today recognise that doing well is also about doing good, and doing right. It is the stewardship mindset of corporate leaders to view challenges through a long-term lens such that a sustainable business can be achieved.**

**Leaders with strong stewardship mindset**

Studies have shown that companies with a strong commitment to their employees, business environment and their community persistently outperform their peers (Young 2017). The reasons for the outperformance are multi-fold but having leaders with a strong stewardship mindset is a major one. This means thinking about the impact that the company has on its employees, the community, and the environment. Then, accordingly, mitigating the negative by-products and enhancing the positive ones created by the business. This helps to create sustainable growth, contributing to the longevity of the business.

### Long-Term Focus

All the parties in the tripartite space have acted with the stewardship mentality of operating with a long-term view of business. As in the case of the Central Provident Fund (CPF) as a tripartite institution, it can be seen as a dynamic mechanism that safeguards the long-term interests of employees (See Section 10.2). By allowing room for manoeuvrability, the CPF can act as a macroeconomic tool to protect jobs during economic downturns and enhance workers' employability as their retirement age increases. The success of this strategy hinges upon the

convergence of a long-term mindset among all parties — government, employers and unions.

Over the decades, tripartism has been a force of good, not just for workers and businesses, but for the economy of Singapore. Since the 1980s, tripartite committees have been at the centre of many of the biggest shifts in economic policy, employment and industrial relation practices, starting with the NWC.

The CPF is a key social pillar that funds not only Singaporeans' retirement but also their homes, medical needs and even their children's education. Tripartite consultation and consensus also play an important role in effecting changes to employers' and employees' CPF contribution rate, ensuring that this social security system achieves its key objectives in both good and bad times.

Mr Lim Boon Heng recalls that a reflection of good faith in the tripartite partnership is seen in the unions having accepted the move to cut CPF contribution during a severe downturn, followed by the employers being willing to restore the cut amount when the economy recovered.

This long-term orientation is also cascaded down to the sectorial level. For instance, the maritime industry had benefitted from this outlook (See Section 10.5). Facing a plethora of threats, ranging from geopolitical uncertainties, increasing competition, tightening of environmental regulations to manpower shortages, the industry had to leverage and reinvigorate tripartite cooperation to embark on massive transformation to sustain and scale its success. These strategies include attracting more local talents and embracing technologies over the decades. Singapore Shipping Association (SSA) past President, Esben Poulsson, credited Singapore's success in the maritime sector

to “a long-term strategy developed years ago in the late 80s to make Singapore a top international maritime hub”.

### Values and Purpose

Stewardship is undergirded by values such as integrity, inclusiveness, harmony, mutual support and care for people and stakeholders. Having clear values and purpose is imperative as they direct tripartite partners to transform their intent into action to work towards a common goal. Having strong values can build trust and a well-defined purpose serves to motivate and inspire tripartite partners. They are just as fundamental to the long-term success of a business as the more conventionally referenced governance (financial and regulatory) measures. In fact, these values are considered as the key to financial and sustainable success.

Subscribing to the enduring value of ‘fair play’, Singapore is both pro-business and pro-people. The Hydril strike (See Section 10.1) that took place in 1986 demonstrated the fact that the state was able to inject objectivity and consider multiple perspectives so as to reach a conciliatory response that would not eschew the welfare of workers or cripple the operation of businesses. This was despite the fact that Singapore was at a fragile stage of early industrialisation then and maintaining a business-friendly climate was of paramount importance to attract foreign investments.

Consistently applied over the years, this value system was again underscored in 2014, where the state embarked on a major exercise to transform its landscape of public transportation (See Section 10.3). Moving away from a privatisation to a franchise model, the state worked closely with unions and business operators to drive home the message that being pro-worker was being pro-business. Bus operators bidding for routes through the tendering process must first and foremost demonstrate their commitment towards safeguarding the welfare of the affected drivers. After all, it is widely acknowledged that happy workers are more productive. When

workers’ well-being is being compromised, businesses will suffer financial penalties in the long run.


### Engaging Stakeholders

Stewardship highlights the importance of building strong relationships with stakeholders. When there is reciprocity and mutual benefit for all parties, strong relationships can be built. The needs of all stakeholders should be addressed in a balanced manner, such that everyone benefits in a win-win situation. Established relationships between stakeholders can be leveraged to resolve conflicts, which is commonplace of tripartism in Singapore. The tripartite partners recognise the benefits of working closely and engaging one another, therefore exhibiting stewardship when they work actively to strengthen the bonds between themselves.

Businesses, employees and employers alike benefit from widening their breadth of concern towards other stakeholders in their periphery. Engaging them will facilitate an understanding of their interdependence and respective interests, offering insight into reforms that are more mutually beneficial.

The Bus Contracting Model also exemplified this spirit of stakeholder engagement, where the intersection of interests was forged among multiple stakeholders in the public transport industry, including commuters, bus operators, the union, employees, and regulators. Transparency permeated throughout the rounds of social dialogues that were conducted to ensure the smooth transition of business model. Notably, the regulators ensured a level playing field for both the incumbent and incoming bus operators; and worked with the union to spell out the baseline requirements for employee welfare. At the heart of negotiations, employee well-being was consistently foregrounded and disruption minimised for both bus drivers and commuters. Without doubt, tripartism acted as an enabling mechanism to bring stakeholders early into the conversation for problem identification, solution development, and consensus building. These social structures, which include discussions behind closed doors provided psychological safety for exchanges





away from public glare, leading to the veracity of views — an important foundation for facilitating collaborative instead of adversarial partnership.

### **Responsible Ownership**

When it comes to tripartism and stewardship, responsible ownership is an overarching theme. Stewardship flourishes in companies that have a key shareholder, with interests that often extend through generations. These key shareholders view themselves as stewards of the company and are able to support the company's management when they have to make decisions that may be painful in the short-term but will pay off in the long run.

For instance, Singapore's OCBC bank remains partly owned by the family of Lee Kong Chian, one of the founders of the bank. The bank has been able to make sound long-term decisions on investments and divestments, among others, because of the presence of a strong steward investor. OCBC was the first in the banking industry to voluntarily raise the retirement age from 55 to 60 years when the tripartite partners were promoting the raising of the retirement age in the late 1980s. It was an enlightened employer that embraced change even before the retirement age was stipulated in law in 1993. OCBC continues to take the lead in human resource practices, consistently winning recognition for its efforts on the HR front, with its latest accolade being the Excellence in HR Innovation Award in 2018.

Also exhibiting responsible ownership is DBS Bank, especially in terms of nurturing its employees' agility to thrive amid the crucible of disruption (See Section 10.4). In consultation with the union and several business units, the bank took a proactive step in establishing a task force, known as Project Future Skills 2015 to study how existing work could be redesigned and what kind of training employees

should receive to take on new roles. In recognition of the bank's commitment towards nurturing its human capital to meet the challenges of a digital future, it won the special recognition category of Singapore Corporate Awards in 2019 (Business Times 2019).

### **Steward Leadership**

Stewardship is also about leaders. It is defined not by a given formula, but by the vision, values and inspiration of the leaders of the day, who would in due course pass it on to the leaders following them. The success of any enterprise, whether it is a business or an entire nation, depends to a very great extent on the vision and calibre of its leaders. Tripartite leaders who have a stewardship mindset think long-term and champion the very values and purpose they espouse. They are able to lead the charge to enhance tripartism and continue reaping its benefits. The practice of tripartism in Singapore is a reflection of steward-leaders acting in concert at the national level. The steward-leaders' actions and decisions are underpinned by a focus on the long term, compassion for people and a commitment to creating and enhancing assets responsibly and sustainably for the generations to come. With more robust incomes and a higher standard of living, the entire community enjoys improved economic well-being.

Steward leadership is evident across the five case studies. The state, employers and unions did not resort to the knee-jerk reaction of adopting quick fixes that may be detrimental to the nation, companies and employees in the long run, thus allowing Singapore to remain resilient. This was possible only because companies had not only kept their workers but trained them in the interim, thus emerging from the economic downturn.



## 5.2 Pluralistic Building Blocks

Distilling from the case studies and interviews with policymakers, we can gather that Singapore has put in place pluralistic building blocks that are integral to the viability of Singapore's tripartism model. They are summarised below:

- 1. Sustaining good faith and building resilience, deepening mutual trust over successive economic cycles such that these socio-cultural attributes become part of the common ethos over time.**
- 2. Putting in place participatory and integrative dialogue structures — both formal and informal — across key actors at the national, sectorial and organisational levels.**
- 3. Ensuring nimble re-configuration of processes and structural mechanisms based on horizon scanning, adopting systemic instead of piecemeal approaches.**
- 4. Consistently employing a reconciliatory and consultative approach towards integrating business and workers' welfare across successive reform efforts with the aim to achieve a win-win solution.**

In other words, Singapore has cultivated an ecology for tripartism to take root, building on its historical legacies, implementing fit-for-purpose strategies in the present and projecting needs for future adaptations to ensure coherence in reforms and fidelity in intent. Enjoying stable governance, Singapore has the comparative advantage of maintaining long-standing rapport amongst the tripartite partners. For tripartism to remain efficacious, it requires all parties to have the cognitive understanding that synergistic relationships can have positive multiplier effects and that the political will of all parties is integral to sustain collective success. Success is also interdependent on connecting the dots between macro international trends, national development priorities, organisational health and workers' welfare.



# Can Singapore's Tripartism be Replicated?

Singapore today bucks the global trend of dwindling union membership, with the United States, in particular, witnessing a sharp dip from 30 per cent in the 1950s to 11 per cent today (The Economist 2018). Unions, arguably, have had their ability to negotiate effective collective agreements and represent workers reduced over time. The NTUC in Singapore fares better as it has been able to attract membership,<sup>1</sup> with one in three local workers affiliated to the union (Toh & Ho 2016).

To SNEF vice-president Alexander Melchers, the benefits of tripartism to Singapore are clear. He noted that Singapore's main resource is and will always be its people. To that end, tripartism protects and sustains this precious resource.

But given that the model was forged under unique circumstances in Singapore's tumultuous history, can

the same recipe of tripartism be applied in another country's quest for growth? This is not so easy, believes Mr Lim Boon Heng. "A strong government to set the tone was critical. Not many countries have a strong government," he added.

**Symbiotic relationship between government and labour union**

At the same time, the symbiotic relationship between the government and the labour unions is one that is not easy or unlikely to be replicated elsewhere, said Mr Melchers. In fact, the opposite is true in other developed economies such as Britain and the United States. In these economies, given that the stakeholder groups are less unified, the relationship between unions, employers and the government is often confrontational, the chances of a more harmonious brand of tripartism emerging are slimmer.

# Challenges to Tripartism

Singapore's model of tripartism has helped forge the nation's economic success. But tripartism is not immune to the forces of disruption that many industries face today. Over the next few years, it will be confronted by challenges that will likely promote further evolution, say union and business leaders.

## 7.1 Multifaceted Disruption

By 2030, up to 800 million workers spread across the globe will lose their jobs due to automation, according to the McKinsey Institute (Manyika et al. 2017). This represents about a quarter of all jobs in the world today. In such a scenario, the conventional battle to keep jobs — unions fighting against employers — no longer applies. Employers are just as vulnerable to disruption as workers are. Besides technological disruption, the increasing focus on climatic actions also poses daunting challenges to businesses that are struggling to incorporate these imperatives into their business operations while keeping the cost of internalising these environmental externalities manageable. Additionally, the disruption caused by a pandemic outbreak such as COVID-19 has amplified the importance of building a resilient business ecology. These necessitate a transformation of mindset, an overhaul of business model, and a reconfiguration of resources. The tripartite relationship will therefore also have to evolve. Unions and the government will have to work with employers to reskill their workers so that they remain relevant for the new future.

## 7.2 Rise of the Non-Unionised Worker

The gig economy has become mainstream. The number of gig workers is likely to rise as more people start to embrace the freedom associated with being your own

boss, or a freelancer. There are more than 230,000 self-employed individuals in Singapore, making up about 8 per cent of the resident workforce (Cheng 2018). Such a shift poses significant questions about how to protect these individuals, who may not be captured under the current tripartite set-up. In particular, how social security can be provided for them in the areas of retirement adequacy and medical care.

## 7.3 Changing Composition of Labour Union Membership

The white-collar worker, represented by the professional, managerial, executive (PME) group, makes up nearly 60 per cent of Singapore's resident workforce (Seow 2018). These are the same workers who are not represented by the trade unions. The NTUC has in recent years pushed the government and employers to change the legislation to allow for them to come under the labour umbrella. However, it remains to be seen if many will make the move to join the unions.

## 7.4 Growing Labour Market Disparity

On the employer side, there is a growing group of companies, particularly the high-end technology firms, which have little incentive to be part of the tripartite community. The Facebooks, Amazons, Googles and Alibabas of the digital economy pay top dollar, provide the best welfare and give eye-catching perks to secure top talent. If they continue to stay out of the tripartite community as their influence in the economy grows, the question is whether tripartite collaboration might start to lose its relevance.

# Conclusion: The Future Evolution of Tripartism

Tripartism needs to continue to thrive

Discussing these challenges, Mr Lim Boon Heng believes that they are real threats to the conventional tripartism model.

Nonetheless, he remains confident that tripartism will survive, albeit in a different form altogether. “How will it evolve? I don’t know. But it’s clear that for Singapore to continue to do well, tripartism will need to continue to thrive,” he said.

Today, fifty years after the 1969 Modernisation Seminar expanding the labour movement’s impact from collective bargaining to driving industrialisation, it faces a similar challenge of developing further such that it can continue to provide value despite the challenges ahead. For one thing, unions are playing a key role in continuous skills upgrading in the age of disruption with the initiative to form the Company Training Committees (CTCs). Under the CTCs, unions will set up a committee in companies to review training needs, identify skill gaps and plan for reskilling and career progression for workers, among

other things. At this point of writing, tripartism has gained more momentum in Singapore in the light of the COVID-19 crisis. To save more jobs, the state, unions and companies are working closely together, with the state taking the lead to introduce rescue packages that are much more aggressive compared to the global financial meltdown in 2008 (Heng 2020). Instead of withering, the tripartism model in Singapore, in fact, has become even more important than ever amid this unprecedented generational crisis.

Moving forward, we posit that the relationship between unions and employers — which is the foundation of strong industrial relations — can be further strengthened. In fact, working with companies directly, in an environment of tripartite collaboration, is another step to ensure the unions could play a relevant role and remain a constructive force. It will also strengthen Singapore’s unique brand of tripartism and the stewardship role played collectively by the tripartite partners.

# Timeline

- 1959:** Mr Lee Kuan Yew called for “industrial peace with justice”, a core principle of the People’s Action Party’s labour policy. PAP comes to power and Singapore attains self-rule.
- 1960:** Introduction of Trade Unions Act and Industrial Relations Ordinance
- 1961:** The National Trades Union Congress (NTUC) was formed
- 1965:** Singapore separated from Malaysia and gained independence. Another employer union, National Employers Council (NEC), was formed. It was smaller than the Singapore Employers Federation (SEF), which was founded in the late 1940s.
- 1967:** Britain announced that it would be withdrawing its forces earlier, in 1971
- 1968:** Introduction of Employment Act and Industrial Relations (Amendment) Act to make Singapore more attractive to investors
- 1969:** NTUC organised its ground-breaking Modernisation Seminar, where the labour movement decided to go beyond collective agreement to starting cooperatives.
- 1972:** The National Wages Council (NWC), Singapore’s first tripartite platform, was set up
- 1973:** Global oil crisis which affected Singapore’s economy
- 1978:** Industrial harmony was achieved in Singapore, with a significant drop in strikes
- 1980:** SEF and NEC merge to form the Singapore National Employers’ Federation (SNEF)
- 1981:** Launch of Tripartite Productivity Drive
- 1985:** Singapore witnessed its first recession since Independence
- 1986:** Hydril strike — first work stoppage in a decade
- 1997:** Formation of the DBS Staff Union (DBSSU)
- 1998:** Asian Financial Crisis hits Singapore
- 2003:** Outbreak of Severe Acute Respiratory Syndrome (SARS) in Singapore, leading to economic slowdown
- 2006:** Formation of Tripartite Alliance for Fair and Progressive Employment Practices (TAFEP)



**2007 – 2008:** Global Financial Crisis

- Tripartite consensus to “Cut Costs to Save Jobs, not Cut Jobs to Save Costs”
- Introduction of the Jobs Credit Scheme
- Implementation of the Skills Programme for Upgrading and Resilience (SPUR)
- DBS Mass Retrenchment Occurred

**2009:** Introduction of the Tripartite Nautical Training Award (TNTA)

**2014:**

- On the public transport front, Singapore moved towards the franchise model, or what is called the Bus Contracting Model (BCM).
- Formation of Public Transport Tripartite Committee
- Formation of Tripartite Maritime Manpower Taskforce for Seafaring (TF-Sea)
- Formation of Maritime Manpower Taskforce for Shore-based Sectors

**2016:**

- Industry Transformation Maps with tripartite participation
- Introduction of the Tripartite Engineer Training Award (TETA)

**2017:** Formation of Tripartite Alliance Limited (TAL), Tripartite Alliance for Dispute Management (TADM) — a centre housed at the Devan Nair Institute offering one-stop services for filing and resolution of labour-related disputes

**2018:** MPA partnered NUS Enterprise to launch Port Innovation Ecosystem Reimagined @BLOCK71 (PIER71)

**2019:**

- NTUC initiative to form Company Training Committees to foster union-management partnership on developing workers’ skills
- Singapore Bank Offices Association (SBOA) changed its name and constitution to Banking and Financial Services Union (BFSU)

Note: The abovementioned timeline details the key tripartite initiatives mentioned in this report. It is not meant to be an exhaustive list on the development of all tripartite initiatives in the history of Singapore.

# Case Studies

The five cases studies were written based on the insights gathered from our in-depth interviews with over a dozen leaders from the government, employer groups and trade unions as well as literature review on related initiatives.

## 10.1 The Hydril Strike

### To Strike or Not To Strike

A day after the New Year holiday in 1986, workers of American oilfield equipment company Hydril clocked in at the factory in Tuas — but it was not business as usual. They were there to protest the firing of six branch union officials whom they claimed were unfairly dismissed (Koh 1986). It was Singapore’s first strike in nearly a decade.

But unlike the fiery labour disputes of the 1950s and 1960s, the scene was calm. There were no acts of vandalism, fighting or violence. The unionised workers, wearing red armbands that bore the words “We want justice”, picketed peacefully outside the Jurong factory, taking turns to chant and carry placards.

What led to this strike was a series of seemingly anti-union actions taken by the management. There were unreasonable standards set, with 90 per cent of workers receiving disciplinary action such as verbal warnings and letters for not meeting standards. But union leaders bore the brunt of management’s harsh tactics, with six sacked due to reportedly poor performance. This set off the staff who feared that Hydril would use poor productivity as an excuse to fire many more in light of the recession. This way, the company did not need to pay retrenchment benefits.

It signalled an absolute breakdown in relations between unions and management who also refused to enter mediation with the government’s Ministry of Labour (MOL). The looming clash was inevitable.

### Singapore’s Last Legal Strike

What stood out about the two-day strike was the fact that it was carried out through a secret ballot with


a strong mandate from workers in the company. The right to strike is enshrined in Singapore’s labour law, as long as the unions have obtained the consent of most of their members through a secret ballot.

This was exactly what the Hydril branch union of the Shipbuilding and Marine Engineering Employees’ Union (SMEEU) did. A secret ballot was held on 30 December 1985, where union members voted unanimously in favour of taking action.

For the union, the strike served as “a weapon of last resort” (Lim 2010). The management had repeatedly refused to come to the negotiating table, said former labour chief Lim Boon Heng, who was then-Assistant Secretary-General of National Trades Union Congress (NTUC) during the strike.

“[Hydril] had set up business in the offshore oil exploration boom, pinching workers from competitors with high salaries. When the boom collapsed, the company suffered from its high costs. Instead of laying off workers by paying retrenchment benefits, it engaged a ‘union-buster’ from the United States, and forced workers out for failure to meet unrealistic targets,” Mr Lim recalled in a 2010 speech, after he stepped down as labour chief.

“The NTUC supported the union’s decision to go on strike — after one last attempt at the end of December 1985 to get the management to the negotiating table under the auspices of the Ministry of Labour was again rebuffed.” Ultimately, it took the strike to get Hydril management to yield. They finally met with the union after being called by MOL.



Not surprisingly, the negotiation process was an intense sixteen hours. The talks, which started at around 10 a.m. on the second day of the strike, only ended at about 2 a.m. the next day. Officials from MOL acted as the mediator. With the two parties — union representatives and Hydril management — kept in separate rooms at the ministry, MOL staff shuttled back and forth, trying to get both sides to come to an amicable resolution.

Hydril eventually relented and agreed to reinstate one union official and provide compensation for the other five. In return, the union called off the strike, and the workers returned to work the next day.

### Lessons Learnt

Former President Ong Teng Cheong, who was labour chief at the time, played a central role by endorsing the strike — even if it meant ruffling some feathers.

The Economic Development Board (EDB), which was running a campaign to draw investment from the US, was put in a tight spot. It had to field unexpected questions after global news networks ran news of the industrial action. Other government agencies were also jittery, wondering if the strike would scuttle investment plans by foreign corporations or lead to more confrontational labour-management relations.

Explaining his decision in an interview with Asiaweek in 2000, Mr Ong said: “I did not even tell the Cabinet about sanctioning the strike. And some of them were angry with me about that. The Minister for Trade and Industry was very angry, his officers were very upset. They had calls from America, asking what happened to Singapore?” (Tay, Leong & Tan 2017).

“I said: if I were to inform the cabinet or the Government, they would probably stop me from going ahead with the strike. It only lasted two days. Then all the issues were settled. It showed that management was just trying to pull a fast one. So I believe what I did was right.”

This incident showed that tripartism in action did not mean a lack of strikes. Although strikes could

lead to the bipartite bonds between unions and management to crumble further — leading to more extreme action — this willingness to collaborate here prevented further deterioration of relations. Without this willingness, the third party in this tripartite relationship, the government, is unable to mediate if one or both sides in the dispute refuse to seek help. Through tripartite collaboration, MOL as a neutral mediator was able to help amicably resolve the Hydril conflict. This is an apt demonstration of how tripartism works in Singapore.

While there is no way to legislate that everyone ought to get along, the strength of tripartism is ensuring a conciliatory compromise. It also offers back channels of communication.

In fact, another strike was averted in 2002 at SMRT, one of Singapore’s key public transport operators, after the government stepped in to alert the management. The public transport union was unhappy that the company was not honouring an annual wage increase. A year earlier, the management had insisted on including a stipulated quantum in the collective agreement, against the union’s request for this to be determined by annual negotiations. In 2002, the management did not want to honour what it had previously insisted on. Union leaders were incensed and emotions ran high. Then-labour chief Lim Boon Heng gave his blessings to go on strike.

As SMRT employees are considered essential public transport workers, it was mandatory to give the management two weeks’ notice about the work stoppage. Before serving notice, Mr Lim quickly notified Transport Ministry officials who passed on the message to SMRT. The company subsequently decided to honour their agreement with the union, and the strike that would have disrupted the lives of thousands of commuters never took place.

These examples show that while unions in Singapore are not militant, the labour movement will not hesitate to support workers to take strong action in times of need. If this happens, companies will have no choice but to face the consequences.



The government, on its part, provides the balance by being impartial and ensuring interests on both sides are considered. It is a neutral party that intervened and persuaded both parties to meet at the negotiating table. This role is crucial, as it offers the path to a peaceful resolution.

The Hydril strike, however, was deemed small with only 122 workdays lost. Yet, there were concerns that its impact could be far bigger and embolden other unions to follow suit. But this fear did not materialise. Tripartism had already taken root, with most unions and managements having established

strong and cordial relations that do not require harsh industrial actions.

A major strike could break the economy. As a small city-state without natural resources, Singapore depends on investments for economic growth and job creation. The threshold for serious industrial disputes is low, and the path to preserving industrial harmony is through collaboration, not confrontation.

Till today, Singapore continues to enjoy industrial harmony with differences being resolved amicably through consultation, conciliation, or arbitration.

## WHAT IF?

The two-day work stoppage at Hydril culminated in a loss of 122 workdays (Calder 2016), affecting the productivity of the company.

If there was no tripartite support and collaboration, work disruption could have been more frequent, with no uniting platform for the management and union to resolve their differences. After all, when asked how long they would go strike, a union member said, “For as long as it takes the management to come to its senses” (Koh 1986). Neither union nor management would have backed down easily.

It is important to note that the strike occurred when Singapore was suffering its first post-independence

recession where rising retrenchments and wage cuts were causing great uncertainty among workers. Had the strike continued, the negative sentiment could have spilled over to other companies, creating unrest, and possibly destabilising the broader economy.

Hydril could also have decided to shift its plant out of Singapore, a move that could cause other American multinational corporations to think twice about investing in the city-state. That would mean a loss of jobs and less growth for the country — a lose-lose outcome for all sides.





## 10.2 Leadership in Crisis

### Coping With Crisis

In the midst of the 2008 global financial meltdown, as American banks collapsed and millions lost their homes and jobs worldwide, Singapore held steady.

The Republic had a spectacular rescue plan — one that was formulated at super speed to counter the sudden recession. Where layoffs were rampant elsewhere, employers in Singapore were urged to retain rather than retrench staff by sending excess manpower for training, with the Government subsidising a substantial portion of the bill.

### Overcoming the 2008 Financial Crisis

As mentioned above, then-labour chief Lim Swee Say summed up the progressive plan best: “Cut costs to save jobs, not cut jobs to save costs”.

It was a powerful slogan that resonated with many who believed in the new Jobs Credit scheme that required dipping into national reserves for the first time, in a bid to avert massive unemployment.

The whopping \$4.5 billion scheme gave companies a cash grant of 12 per cent of a local worker's monthly salary of up to \$2,500. It was supposed to be a year-long scheme that was part of a larger \$20.5 billion stimulus package.

The speed at which the government bailout plan was put together — within weeks after Lehman Brothers filed for bankruptcy, triggering the global financial crisis — showed the strength and solidarity of the tripartite leadership in Singapore. The labour movement and employer union — Singapore National Employers' Federation (SNEF) — were quick to support the scheme. And the government quickly delivered. Nevertheless, it was not without any resistance.

### Convincing the Critics

It was easier for workers to rally behind Jobs Credit as the intent was preserving jobs without a wage cut, but

the success of the scheme also hinged on convincing employers not to lay-off workers to save costs.

Mr Stephen Lee, then-president of SNEF, recalled the dilemma that some bosses faced. “We had to get employer buy-in. But it was tough especially for the multinational corporations that had operations in other parts of Asia. Everywhere else was retrenching workers, and their global HQ was pressuring them to do the same in Singapore,” he shared during an interview for this case study in April 2019.

So SNEF had to persuade these companies to do the opposite. “We told the Singapore office representatives, we will help you reduce cost with Jobs Credit. Can you not cut workers? Fortunately, quite a number convinced their HQ to give the Singapore model a try,” he added.

Many employees were expecting the Government to call for wage cuts, including snips to the employers' CPF contribution — cost cutting levers that are typically used during a downturn. While the government did not go down this path, the Jobs Credit scheme was effectively a 9 per cent point cut to the CPF rates (Pflug 2009).

It was a rather sizable cost-cutting sum. But this plan was deemed better than a CPF cut so the CPF, which functions as a retirement savings plan, was left untouched.

As employers were won over, there were also critics to deal with. Some public commentators had publicly disagreed with the scheme. Among them was Mr Ngiam Tong Dow, a retired finance ministry permanent secretary, who believed a wage subsidy was unsustainable if workers or companies were not as productive or competitive as their counterparts elsewhere. He argued that the Government should cut employers' CPF contribution rates to lower costs and give companies more flexibility to restructure businesses and retrench workers.

Recalling the criticism, Mr Lim Swee Say said he rebutted Mr Ngiam then. “My argument was that there was nothing fundamentally wrong with our structure ... so it makes no sense to restructure and destroy our economy. Once you let go of workers, it is tough to rehire again,” he shared in an interview for this case study in March 2019.

His assessment was accurate. After an economic contraction of 1.3 per cent in 2009, there was a sharp rebound in 2010 with Singapore registering a record 14.9 per cent growth driven by a surge in manufacturing. This was possible only because companies had not only kept their workers but trained them in the interim, thus emerging from the economic downturn with a re-trained workforce able to nimbly meet the demand when the economy recovered.

Mr Lim, who stepped down as labour chief in 2015 to become manpower minister, described the 2008/2009 crisis as “a moment of truth” — similar to previous major recessions in 1985 and 1998. “There are enough moments of truth to show that tripartism serves the interest of the three parties. If companies had no choice but to cut jobs to save costs, we could not have rebounded so fast,” he maintained.

How many jobs did the scheme save? It is not easy to offer exact numbers. But a survey (MOF 2009) conducted by the manpower ministry from May to July 2009 found that 3 in 4 (73 per cent) companies which had earlier plans to lay off workers reported they would postpone or reduce the number of workers to be laid off, as a result of Jobs Credit.

In fact, earlier estimates by Credit Suisse had predicted job losses of 300,000, affecting 100,000 locals, before the implementation of Jobs Credit. But the actual job loss number was much less. Government data found that unemployment went up only moderately and local employment actually increased by 7,000 in 2009 (MOF 2009).

### Lessons Learnt

As the city state quietly celebrated its success in

averting a surge in layoffs and unemployment as well as its rapid economic recovery, other countries had heard about its incredible rebound and were curious to learn how the nation pulled it off.

In 2010, Singapore was invited to share its experience at an International Labour Organization meeting (ILO) in Geneva. Stephen Lee, who was part of the Singapore delegation, said some Asian countries such as South Korea also had ideas similar to Jobs Credit. But they were unable to proceed.

“They argued and argued, but could not come to an agreement,” he shared, noting how different it was in Singapore where all parties were on board without bickering. Singapore’s Tripartite Working Group, chaired by MOM’s Ong Yen Her, had convened, met, discussed and formulated Tripartite Guidelines on Managing Excess Manpower and Responsible Retrenchment, all within twenty-four hours.

This demonstrated leadership from all the tripartite partners. The employer group SNEF managed to persuade employers to give the scheme a shot, while the labour movement worked the ground and kept morale high. And the government was willing and ready to pump in the funds to subsidise wages and training.

For Mr Lee, a critical success of this scheme was the speed at which it was designed and implemented to overcome the crisis. “Because it (financial crisis) came suddenly like a raging fire, we had to put together a fire fighting team quickly,” he noted. “Within a matter of 10 weeks, we came together with a package.” The team, led by MOM’s Mr Ong, acted quickly and produced several initiatives including the Jobs Credit Scheme, as part of a wider tripartite collaborative effort.

The rescue package also included ways to manage excess manpower by sending them for subsidised training, under the Skills Programme for Upgrading and Resilience (SPUR) — a crucial solution that enabled employers to keep their idle workforce productive by learning new skills, at a very low cost.





There were over 1,000 approved courses under SPUR that provided up to a 90 per cent course fee subsidy and absentee payroll funding capped at \$10 per hour. This approach enabled companies to keep most of their workers, even some deemed redundant at that time. And that, in turn, enabled them to rebound quickly as they had the manpower to immediately ramp up production as demand surged with the recovering economy.

Such a comprehensive scheme to save jobs — which included cash grants and training subsidies — was only possible due to lessons picked up from previous crises that prepared Singapore on how to deal with the current recession, noted leaders interviewed.

Previous major recessions in 1985 and 1998 involved cuts to the CPF and pay packets, as well as massive layoffs. At that time, Singapore’s training programmes were either not in place yet or in its early stages. Recognising this critical missing link, the government and labour movement had the foresight to develop national training programmes that came with certification as well as subsidies.

But these earlier episodes also forged trust among the tripartite partners, as CPF and wages that were cut were eventually restored as promised. This made it easier for unions and workers to accept pay cuts during tough times, as they understood that it was for the greater good and it was not permanent — wages

would go up once the economy recovered. Employers, on their part, were reminded of their responsibility to workers who made the sacrifice. The trust-building process created purpose-driven steward-leaders who pushed through with seemingly tough and sometimes novel policies that had a focus on the long-term.

With this trust built up, the tripartite leaders could fight the 2008 recession together. Singapore not only implemented programmes easily, but it also had new approaches (for example, training schemes with subsidies were made available) to design a more sophisticated employer cost savings package.

Most importantly, all the tripartite leaders shared the same goal of being both pro-business and pro-worker — helping businesses remain viable and save costs to retain workers, thereby, saving jobs, while ensuring wage cuts were kept to a minimum.

It might sound like a conflict of interests to serve two different groups, but the secret to Singapore’s success is balancing the interests of both sides. The government plays a key role in being the fulcrum that balances both groups’ interests for the overriding benefit to Singapore’s economy. This is exemplified by the speed with which it gathered tripartite leaders for the Tripartite Working Group, and shortly after, effected the Jobs Credit Scheme which enabled Singapore businesses to remain nimble and ready for recovery.

## WHAT IF?

A nightmarish scenario is when tripartite partners are able but not willing to find a consensus to solve a major crisis like a recession.

If leaders in the government, unions and employer groups could not agree on the Jobs Credit scheme, Singapore would likely be like one of the economies which experienced a red tide of business loss and retrenchments.

This would also mean that when the economic rebound came in 2010, Singapore would be slow to pick up the pieces as many companies which retrenched staff would require time to recruit and retrain new workers. Unemployment would also have spiked.

A cautionary tale would be Ireland, a country which enjoyed good tripartite relations that fell apart during the 2008 crisis. Former labour chief Lim Swee Say recalled how he used to be very impressed with the country's tripartite system, and frequently met their government and union leaders for updates.

But the global financial crisis hit Ireland hard — banks were affected and went to the government for a bailout. In response, the government gave them billions, noted Mr Lim. However, many jobs were still cut, and the unions also sought help from the government for the displaced workers.

The Irish government, however, was unable to help. “The government said sorry, there is no more money left to save the workers. When that happened, everything collapsed. The unions ... could no longer trust the government and employers,” said Mr Lim.

This could have happened in Singapore too, if leaders (from government, unions and employers) failed to realise that they had to work together to serve the interests of everyone — to be both pro-business and pro-worker at the same time.

With tripartite leaders able to see eye to eye on what is at stake, they are more prepared with an arsenal of measures to help Singapore deal deftly with the next big downturn.





## 10.3 Bus Contracting Model

### Tripartism Shaping Policies

Every day, thousands of public buses in Singapore ferry nearly two million commuters to and fro from their workplaces, schools, and homes. Manned by thousands of drivers, with many more in support behind the scenes, the buses take people on some 4 million rides a day.

Both bus operators, SBS Transit and SMRT, are private companies that operate public transport services. Up till 2014, bus operators owned physical assets such as the buses and depots.

This model worked well until the early 2010s, when falling service standards and bus capacity started to erode public satisfaction in public transportation. The issue came to a head in 2012 when SMRT bus drivers staged an illegal strike, to protest the poor working and living conditions. This was the trigger for a fundamental shift in the way bus services were delivered.

### Moving to the Bus Contracting Model

In 2014, the government decided to move Singapore towards the franchise model, or what is called the Bus Contracting Model (BCM). Under the BCM, the Land Transport Authority (LTA) owns all bus assets, including buses, depots, interchanges, and even fleet management systems. LTA is also the central bus planner, deciding on the routes and services to be provided.

Bus operators would bid for these routes through a tendering process. In return, they would be paid a fixed fee with a margin built in. The government would set the fares and collect the revenues generated. The tendering process would be a competitive one, open to not just SBS Transit and SMRT but to other local and foreign players as well. This model was aimed at setting a compromise between affordability for the commuter and financial sustainability for the operators while maintaining high levels of service. But while the policy was well-thought out, the

implementation was far trickier. In particular, keeping the workers contented and motivated was critical.

### Three Hands are Better than One

Bus operations require manpower, especially skilled and experienced drivers. For Singapore to transit to the BCM, the LTA had to ensure that the new entrants for the bus routes had access to skilled drivers. In fact, there was already an existing pool of skilled drivers — from the incumbent operators.

Under the BCM, the first tender consisted of two packages of routes. These were routes taken away from SBS Transit and SMRT. Drivers from these companies were already well acquainted with the routes and could easily be absorbed by the new operators, immediately solving the manpower issue.

The key was to ensure that the transfer of manpower took place without disruption. Some had been with the same company for decades. This was why addressing the drivers' concerns over job stability, salary levels and benefits were key priorities for the LTA. To do so, the government formed the Public Transport Tripartite Committee (PTTC) to ensure the smooth transition of public transport workers to the new BCM model.

Chaired by then Senior Minister of State for Transport Josephine Teo, the committee comprised officials from the LTA and the Manpower Ministry; union leaders from the National Transport Workers' Union (NTWU); and representatives from the bus operators. At the heart of the discussion lay a simple task: minimise the disruption to the workers and commuters.

“Our ideal state was for the workers to do the same thing they have always done, receive the same benefits they have always received but work for a different employer,” said a senior union representative who was part of the discussions. To do this, the PTTC embarked on a dual-pronged approach: setting out conditions for bus operators in the role as employers and tackling the drivers' concerns at the same time.

For the parties bidding to be public bus operators, the welfare of workers was set up to be a critical part of their proposal.

### A Two-Envelope System

This was done by devising a two-envelope system. This first envelope looked at the quality of the proposal from a holistic perspective, including steps taken to consult the unions and safeguard the welfare of the affected drivers.

The second envelope — also known as the price envelope — was opened only if the operator fulfilled the conditions in the first envelope; that is, after the quality evaluation was completed. As a result, price became a secondary concern.

Three ideas underpinned the quality evaluation stage.

The first was to sustain the spirit of tripartism in the public transport industry. PTTC urged all public transport operators to join the PTTC and actively participate in discussions and dialogues that are regularly held.

The second was to nurture strong labour and union-management relations. All public transport operators had to recognise unions, and work closely with them in the areas of worker welfare and collective agreements, among others.

Said Mrs Teo, who is now the Manpower Minister, “... good labour relations is critical. If they wanted to join in the bus contracting bidding exercise, they would have to commit to fostering good union management relations”.

Although it was not mandatory for them to have collective bargaining or recognise the union, the expectations and requirements in the quality evaluation stage were critical. Mrs Teo observed, “If they could not meet one of these 'hygiene factors', then how can we assess their proposal confidently?” Lastly, the PTTC also wanted all public transport

operators involved in the BCM to adopt three key assurances to the workers. These were:

- a. **All affected employees must be offered a job by the incoming operator (for the specific route).**
- b. **Affected employees must be offered employment terms which are not worse off than that enjoyed before transition.**
- c. **Affected employees can choose to join the new operator, or be redeployed by their current employer where feasible.**


The NTWU took the extra step of matching each driver to their existing routes. “We were worried that the incumbent players would ‘hold on’ to the good drivers, depriving their new competitors of talent. To avoid this, we tagged the drivers to their routes, so there would be no dispute down the line,” said a senior NTWU union leader.

### A Listening Ear

With much at stake, LTA and the NTWU embarked on a massive effort to explain the BCM and also persuade drivers that the model would work for them. Together, they conducted more than fifty sessions to reach out to some 5,000 workers in the public transport sector. These sessions allowed workers to raise their concerns.

One of the concerns that arose was the issue of job availability. Would they still have a job if the routes they were driving on were transferred to a new company? Another was on benefits — would they remain the same? “Some of the veteran bus captains had special arrangements, such as extra leave or medical benefits. Losing those benefits would be a huge blow,” said the union leader. For many of the more experienced drivers, company culture was also important. They had good friends, knew their supervisors and understood how things worked in their companies.

As such, both LTA and the unions took extra care in addressing them individually where they could. But for



Mrs Teo, the objective was clear: it had to be done to ensure that the success of BCM.

“Ultimately, the workers will be driving the buses, so if they can’t handle this part, no matter how wonderful the bid looks and how attractive the terms are, if the operators don’t meet this requirement (of persuading workers to go over), then they cannot ensure that the service will be delivered,” she said. In fact, there was a growing concern that getting endorsement of the BCM would be a tall order.

“We estimated that no more than half of the affected workers would head over to a new company in the transition. There were many factors involved and even though we tried our best to address their concerns, it was not a guarantee that the effort worked,” said the union leader.

### The Result

Two companies were awarded packages of routes to operate. Go-Ahead, a British bus operator, was awarded with a package of twenty-five routes, while London-based Tower Transit was awarded with another package of twenty-six routes.

The companies made it a key point to address salaries and benefits early on. They bumped up the basic pay of bus captains to attract fresh blood. Drivers who chose to move to these companies also received the higher pay, sign-on bonuses and new perks such as longer maternity leave.

The impact was immediate: nearly nine in ten of the affected workers made the switch to the new players. The moves also helped lift the entire industry as a whole. Bus captains’ salaries have risen by more than 30 per cent in about four years, following the transition to BCM.

The improvements in salary and benefits resulted the creation of good jobs that were attractive to Singaporeans. In 2015, Tower Transit reported that more than 70 per cent of its workers were either Singaporean or Permanent Residents.

At the same time, public satisfaction with buses has also soared in recent years, according to surveys by the Public Transport Council (2018). In 2014, before the BCM was rolled out, overall satisfaction with buses was 90.4 per cent. By 2018, the level rose to 98 per cent.

### Lessons Learnt

Parties involved in the BCM discussions believe there are several valuable lessons that can be derived from this significant episode.

For one thing, tripartism was the key enabler in helping to implement the BCM, with the formation of the PTTC. The platform helped bring the stakeholders into the conversation at an early stage. This allowed the various parties to agree on the important principles and then to develop workable solutions for the problems identified and, enabled trust to grow between the three parties.

Such a platform was invaluable also because it gave ample opportunity to discuss and negotiate the key issues in feedback sessions behind closed doors. Parties within the tripartite umbrella were also better equipped to tackle sticky issues away from the public glare.

The meetings were also opportunities to emphasise that being pro-worker was being pro-business. Mrs Teo noted, “By taking care of workers’ interests, businesses are also safeguarding business interests. When workers are not able to deliver on promises of services, then the business will suffer financial penalties.”

An NTWU leader, who was involved in the BCM discussions from the start, added that fostering personal relations was vital. LTA invited union leaders to join them on study trips to look at how BCM was implemented in other cities.

“During these trips, we spoke to the unions in other cities and were able to ask tough questions. This then allowed us to answer our own members and gave us



confidence that this shift would work,” said the NTWU leader. All three tripartite parties also recognised the importance of clear and transparent communication.

The PTTC was one of the first tripartite committees formed at the sectoral level. This was a shift from previous approaches which tended to focus on national issues. Examples included national tripartite committees that focused on the welfare of older workers, salaries of low-income workers and the implementation of flexible wages.

When it comes to public transportation, moving to a more sectoral approach was efficient because the inclusion of LTA in the tripartite committee meant

that the regulator in charge could quickly adopt good policies developed by the PTTC.

This sectoral approach continues today. The PTTC has since morphed into a broader committee that will tackle key and future challenges facing public transportation. These include technological disruption, skills upgrading for workers and review of regulations.

Tripartism has helped shift the public transport system to a more efficient, equitable and sustainable one and it will continue to have a key role to ensure it stays that way.

## WHAT IF?

The shift to a franchise model of delivering public bus services in Singapore was aimed at balancing the need between the high costs of running a capital-intensive business and lifting bus service standards. But a critical link in ensuring the success of the shift was the drivers.

Without the PTTC, the unions would not have been able to deal with the drivers’ concern about retaining their existing employment terms, salaries and other benefits under the BCM.

Had the PTTC not addressed these issues early and comprehensively, the probability of drivers having shifted would be low, thus depriving the operators of the much-required skilled drivers.

For the new employers, this would have meant turning to foreign manpower to fill the empty bus drivers’ seats. Such an approach could have proven costly and unsustainable in the long run — resulting in persistently low wages for the entire industry and difficulty in attracting drivers. Service standards would have been affected, and public satisfaction would have plummeted.

Without a high-quality public transportation system, the car population would have grown, leading to congested roads and bumper-to-bumper traffic jams. The car-lite society, once a cherished goal for the government, would have become a pipe-dream.





## 10.4 Banking On Tripartism to Advance

### Tripartism in Managing Change

When staff of DBS Bank turned up for their quarterly townhall meeting with senior management in November 2008, they expected to hear bad news of declining profits. The world was reeling from the devastating economic crisis triggered by the collapse of Lehman Brothers. Singapore had slipped into recession a month earlier (Oct 2008) — the first East Asian country to do so.

The news the staff received turned out to be more austere than expected. The bank announced that it planned to chop 900 jobs, or 6 per cent of the company's workforce of 15,000 — its biggest retrenchment ever. The cuts would come from both the Singapore and Hong Kong offices.

It emerged that DBS had planned the layoffs without consulting its staff union, DBSSU. The revelation came from Mr Lim Swee Say, then-labour chief and advisor to DBSSU.

In an email reply to the media a week after the announcement, Mr Lim said he was disappointed with the bank's sudden decision. "There was no prior consultation with the DBS Staff Union. There was no exploration with the union on other cost reduction alternatives," he said, adding that the lack of communication had weakened the trust between the bank's management and union.

The trust, he added, takes a long time to build but a short time to destroy. It was the first time in a long while that a labour chief had publicly rebuked an employer.

### What Went Wrong?

When the dust had settled, the union began looking at how the communication with the management had broken down.

A handful of long-time HR staff, including the head, had left, leaving the team with new faces. The chief

executive, the late Richard Stanley, was fairly new to DBS as well. He had joined the bank in May 2008, just months before the retrenchment took place. With a new management and HR team in place, they were unaware of how things were done in the past — such as the need to discuss with the union on cost-cutting measures.

Typically, the management should engage the union at least a month before any major decisions are made. Yet, in this case, DBSSU knew of the retrenchment only one day before the morning townhall.

It was an issue of unfamiliarity between the new management team and the veteran union leaders. This ruptured the bipartite relationship between both parties, which needed time and effort to restore.

### Mending Ties and Moving Forward

Fortunately, both management and unions were willing to work on mending ties. The union, instead of engaging in a public spat with the management, put aside their unhappiness and worked with the bank to ensure the retrenchment exercise was done with minimal pain and maximum ease for workers.

The bank, to its credit, also offered an olive branch. Mr Stanley visited Mr Lim days after the townhall for talks to clear the air, and both agreed to move forward together. He also attended a DBSSU executive committee meeting to explain why the bank had to lay off workers. Acknowledging that the bank could have done more to involve the union, he approved a \$100,000 grant for training and reskilling programmes for displaced workers. He also continued to engage the union and attended tripartite networking events.

### Finance Industry Prepares for the Future

When Mr Piyush Gupta succeeded to the role of chief executive after Mr Stanley's sudden passing in April 2009, he made it a point to get to know the union and establish a relationship from the start. "He invited the union exco to his office for tea, and he made an effort

to know our names. He showed us that he was sincere and genuine,” recalled DBSSU president Nora Kang.

At the same time, the HR team also began actively involving the union in consultations and the decision-making process. In 2013, the department even created a new role of employee relations that focuses on the union-management relationship and consolidates the bank’s efforts to engage the union.

Ms Kang shared that previously, various HR departments engaged the union individually on an ad-hoc basis. Now, it was a more structured approach with the executive director of employee relations representing all business units. Ms Samantha Chia has helmed this role since it was created.

Communication channels between union and management are now well established, with a year-long calendar for union engagement events. Apart from a monthly meeting, both sides also take part in a team bonding event every September. Every May Day, the management is involved in the labour movement’s activities and Mr Gupta makes it a point to attend the May Day rallies with the union.

### **A New Relationship — Working Together**

Today, the bank views DBSSU as a partner. In 2015, the bank established a task force, Project Future Skills 2015, to study how disruption might affect jobs, how existing work could be redesigned, and the training that employees should receive to take on new roles.

The task force was led by the HR department, in consultation with the union as well as several business units. Ms Ng Ying Yuan, the bank’s chief learning officer, said: “First, we had to determine the roles that might be redundant. Then, we redesign the new jobs, and determine the skills required for the new jobs. Next we ask, how exactly will the individual learn these new skills? It could be learnt on the job, or through training programmes.”

The task force took almost two years to conclude its study and embark on training efforts. The union was involved from the get-go.

For both sides, it is clear that collaboration has led to better outcomes. As a commitment to uphold tripartism, the bank donated S\$1 million to the NTUC-Education and Training Fund in 2017. The fund is used to subsidise courses to ensure training and reskilling programmes are affordable.

As an endorsement of DBS’ efforts to put its employees first and work with key partners such as its union, the labour movement awarded Mr Gupta with the Gold Medal of Commendation during its 2018 May Day Awards — the highest award conferred to heads of organisations.

Today, DBSSU has almost 10,000 members — out of a staff strength of 11,000 in Singapore. The union figure includes former employees who remain as members even after they move to other organisations.

## **Dealing with Disruption**


### **Journeying with Workers Amid the Tech Push**

The world of banking has changed drastically in the last decade, due to automation and technology. As increasing numbers of consumers use mobile devices to conduct their banking transactions, brick and mortar branches have to reinvent to remain relevant.

Since 2017, the bank has been training all service staff at the branches to familiarise them with the operations of the remodelled branches as part of Project Future Skills. These branches now feature high tech video kiosks and consultative pods. Almost 1,500 staff would have attended the eight-day training programme by this year (2019).

“When DBS embarked on its digital push, Piyush’s mandate was that we should leave no one behind. We have to protect the people, not the jobs,” said Ms Ng.





The bank invested heavily in training to ensure that employees — including professionals (PMETs) — had relevant skills to remain employable. This meant designing a proper training structure, which covered three key areas.

- **Functional training: Employees are trained to perform new tasks**
- **General education: Through an online curriculum, the bank builds a culture that embraces technology and ensures everyone has a certain level of tech proficiency**
- **Facilitates intrinsic motivation: Encourages employees to learn new skills**

Many staff also participated in a one-day workshop to share on new skills they learnt. Ms Ng shared an example of an employee who made a successful switch. The staff member was a bank teller who used to handle general enquiries at the branch. But the remodelled branches no longer had front desks or bank tellers that tended to general enquiries. She was re-trained to be a virtual teller, and is now the face that appears in the video teller machines via live-video streaming.

In all the training and workshops, the HR department worked closely with the union to shape the theme and messages, to ensure that they are palatable and not intimidating to the staff. DBSSU's Ms Kang also rallied the ground and encouraged staff to attend the workshop. "At DBS, we embrace change. But we also go on the journey together to ensure that we walk with our employees," Ms Ng added.

### **Surge in PMETs**

When new bank employees attend their induction programme on Mondays, DBSSU — the only house union in the banking and finance industry — gets to meet and share with them on the benefits of union membership. About half sign up as members on the spot, many of whom are PMETs. But the union is an exception in the finance sector, where a growing

number of PMETs in the workforce is proving a challenge to the two industry unions.

The newly-named Banking and Financial Services Union (BFSU), which represents white-collar workers including PMETs, has a membership of 6,200. Together with the Singapore Bank Employees Union (SBEU), which covers a dwindling group of non-executives, the two industry unions represent just 10 per cent of the sector that employs about 156,000 people.

A key reason for the low union membership is the surge in the number of PMETs, who traditionally do not join unions as they were not offered representation in the past. Unions typically represent rank and file workers, or non-executives.

Currently, PMETs comprise 57 per cent of the resident workforce, more than double what it was a decade ago. In the banking and finance sector, they make up an even bigger proportion — almost 90 per cent.

Recognising this change in the labour landscape, the government updated the Industrial Relations Act in 2015 to allow rank-and-file unions to represent PMETs in an organisation on a collective basis. The unions can also represent an executive union member on matters such as re-employment disputes, unfair dismissal, and retrenchment benefits, on an individual basis.

This move caused some concern among employers, who were worried about PMETs joining unions — possibly leading to more disputes. But extending the reach of rank-and-file unions to represent executives was considered a better move, instead of having a situation where executives form their own unions. The latter would result in companies having to deal with more than one union.

To encourage PMETs to join the existing unions, the labour movement has also proactively reached out to non-unionised workers. For instance, when Barclays and Australia and New Zealand Banking Group (ANZ) laid off employees in Singapore four years ago,

the NTUC contacted the two banks to help them through the process, even though both banks were not unionised. While some retrenched employees were able to move to other jobs through their own network, a portion benefited from the career fairs and workshops organised by NTUC.

“We put in our resources at no cost to them — we did it out of our own pockets. Through our worker-centric actions, we wanted to impress on these banks that we are here to collaborate with you,” said NTUC Assistant Secretary-General Patrick Tay. But it remains an uphill task to connect with more PMETs in the banking and finance sector, and getting them to value the benefits of union membership.

### Lessons Learnt

The DBS retrenchment episode highlighted how union-management relations is always a work in progress. All parties have to engage in regular dialogue and communicate openly to understand the needs of employees and employers.

And it needs to be renewed with every new cohort of leaders from the management and unions. Good relations are not automatically passed down to the next generation, as each batch has to build their own bonds. While strong bipartite bonds are crucial, finding solutions to industry-wide issues require another key player — the government.

For instance, laws were updated to recognise the growing number of PMETs. This ensures that tripartism can continue to be relevant as a framework for ensuring harmonious industrial relations, and look out for the interests of all workers and employer-relationships.

A sectoral tripartite committee was also set up to look into issues of digital transformation and its impact on businesses and workers, to ensure continued economic growth and competitiveness.

In such an environment, skills training, redevelopment of human capital and job mobility are especially important, noted DBS chief Piyush Gupta in a commentary published on 6 March 2018. “The government has recognised that reskilling and re-tooling the workforce is not the responsibility of banks alone. A supportive national infrastructure is also helpful,” he said.

To this end, the government will work with the Institute of Banking and Finance (IBF), a not-for-profit industry association, to provide advisory services for financial sector professionals. This allows IBF to give career advice, and help professionals with job matching and placements.

Such an approach is win-win for all sides.





## WHAT IF?

In the case of the DBS retrenchment saga, many things could have gone wrong.

The union could have chosen to remain upset with the management for not consulting them before laying off staff, and decided not to work with them to smoothen out the retrenchment exercise.

The management could also take a high-handed approach and insist that they were right not to include the union in their deliberations.

If both sides refused to budge, the relationship between the union and the bank would have remained fractious and trust would be hard to restore. It could mark the start of an adversarial, confrontational relationship.

As the largest local bank in Singapore, this would set the tone for the rest of the industry, and set back tripartism — which Singapore had worked hard to achieve.

Yet, tripartism is what the industry needs, given that it faces multiple disruptions all round.

A report by the Institute of Banking and Finance and the Monetary Authority of Singapore found that in the next three to five years, one in three bank jobs will be merged or changed due to data analytics and automation.

For banks, which need talent to thrive in the digital economy, getting their staff trained for the new economy is critical. And the unions play a vital role in ensuring they are equipped with the right skills.

An absence of this important pillar — the strong relationship between government, banks and unions — could weaken the financial sector and prevent it from adapting quickly to the fast-changing challenges ahead.

## 10.5 Sustainability in the Maritime Industry

### Tripartism in the Face of Disruption

A three-day cruise, sailing to nowhere. On board were 200 employers from the maritime industry representatives from then Marine Department and the labour movement, including the Singapore Maritime Officers' Union (SMOU).

The year was 1981, and the cruise was SMOU's way of getting stakeholders in the maritime industry to come together and build constructive relationships. The union saw it as an investment, but it came with a price tag of \$60,000 — a major splurge back then. Not surprisingly, the amount had resulted in disapproval from certain quarters, and some union members had raised the matter to Mr Lim Chee Onn, the labour chief at that time.

But SMOU saw it as a worthy expenditure to build bonds, as ties among employers, union and the government were then guarded and tense with serious disagreements. As a result, Singaporean seafarers were often faced with uncertain wages, patchy working conditions and poor career prospects. When former seafarer Thomas Tay, then the General-Secretary of SMOU, explained his reasoning to Mr Lim, the latter understood and gave his support for the cruise.

Getting everyone aboard the ship turned out to be a very good arrangement. In the middle of the sea, there was really no way for participants to storm off in a huff if there were arguments and disagreements as all parties were confined on the ship. They had to be 'put on the same boat', so to speak, and learn to discuss, consult, make compromises and reach a consensus.

The cruise was an important turning point that steered relations from adversarial to collaborative. The goodwill was generated when tripartite partners dined at the same table instead of being adversaries at the negotiating table. The resultant tripartite

spirit led to better teamwork and facilitated the development of Singapore as a global maritime hub.

### Sustainable Maritime

Today, the city-state is the world's busiest trans-shipment hub and home to more than 5,000 maritime establishments. The industry is a big contributor to the economy, accounting for 7 per cent of Singapore's GDP and employs more than 170,000 people.

It was, however, not a smooth-sailing journey, and the industry continues to face threats — geopolitical uncertainties, increasing competition, tightening of environmental regulations and manpower shortages. Tripartite cooperation goes a long way towards weathering these storms.

### No Longer Business as Usual

Against the backdrop of disruption and structural changes from the emergence of mega shipping alliances and a global slump fuelled by a US-China trade war, it cannot be business as usual. The industry is looking to reposition as well as develop a future-ready and skilled maritime workforce.

Mr Andrew Tan, who helmed the Maritime and Port Authority of Singapore (MPA) from 2014 to 2018, shared how the agency led several initiatives to develop the industry. There was the Next Generation Port 2030 Steering Committee. This initiative, along with the new Tuas mega-port that is set to open in phases from 2021, will ensure an intelligent and sustainable port that optimises land-use, productivity and efficiency.

MPA also established the International Maritime Centre (IMC) 2030 Advisory Committee to chart the way forward. With business leaders and experts from the maritime industry, as well as adjacent sectors such as finance, commodities trading, logistics, and technology, the committee mapped out three areas of focus: connectivity, innovation, and nurturing talent.





The committee aimed to transform the industry by building stronger links among maritime partners and those in adjacent industries, encouraging the development of new technology, and developing a core local workforce.

## Countering Challenges

### Getting more Locals to Join the Industry

Building a pipeline of Singaporean talent is a perennial challenge. A significant number of jobs, especially seafaring roles, are filled by foreigners from Indonesia and the Philippines. Singaporeans typically shun these jobs that require employees to be out at sea for several months at a time and work at least ten hours daily.

“Singaporeans are urban dwellers — no one is prepared to be out at sea longer than they need to,” observed Mr Tan. Such attitudes, however, risk damaging the maritime industry as it loses local talent and eventually, its hub status. To attract more Singaporeans to work in the industry, the unions and employers play a big role.

MPA set up two taskforces with tripartite partners to develop a steady stream of local talent for maritime jobs. One taskforce focused on seafaring jobs, while the other was concerned with the shore-based sector. The two taskforces — comprising members from the labour movement, industry players, and MPA — submitted reports detailing measures to deal with manpower, skills gaps, and raising productivity.

“Having a tripartite commitment was the best way. MPA provided the bulk of the funding (for the maritime up-skilling programmes) but these partners contributed their share too. Industry partners that could not contribute funds were able to provide places for cadets,” said Mr Tan.

Ms Mary Liew, General-Secretary of SMOU, agreed. She noted that training schemes such as the Tripartite Nautical Training Award (TNTA) emphasised the tripartite relationship. The TNTA, for instance, was initiated by SMOU; funded by MPA, SkillsFuture

Singapore and SMOU; and supported by the labour movement’s Employment and Employability Institute (e2i), the Singapore Shipping Association and several shipping companies.

Singaporeans who attend such programmes are trained as deck officers and marine engineers. They spend about half their time working on ships. When they graduate, a seafaring career with a good salary awaits. The courses are heavily subsidised by the government and the union, with cadets paying only 10 per cent of fees. “The cadets are given the opportunity to learn the ropes of the industry,” Ms Liew shared. “We often encourage young cadets to persevere and not give up, and work their way through the ranks.”

With solid seafaring experience under their belts, these cadets will also have good career prospects in shipping companies should they decide to come ashore. Both Ms Liew and Mr Tan noted that since the training programmes started, it has managed to attract a small number of female cadets — something rarely seen in the maritime scene.

### Getting more Women into Maritime

The industry has traditionally been resistant to the idea of having a woman among their ranks. Ms Liew knows this well. As a young staff in SMOU in the 1980s, she was often dismissed by her colleagues who doubted her suitability. She also had to deal with mainly male shipping employers who could not even look her in the eye during initial meetings. International meetings were not much better, with some participants questioning her presence. Even as she rose through the ranks and was voted in as SMOU’s first female general-secretary in 2013, and as NTUC’s second female president in 2015, some SMOU office bearers and members told her she was an exception.

A more sustainable maritime industry could result from the shift to a more diverse workforce. With more women in corporate boardrooms or decision-making platforms, a more varied perspective will be considered when developing policies. This contributes



to a wider representation of the Singaporean core in the industry's workforce.

### Embracing Technology

MPA has also sought to change the industry's image over the years. When Mr Tan became the agency's chief in 2014, he worked to get rid of the perception that maritime is traditional and slow to embrace changes and technology.

In 2018, MPA partnered NUS Enterprise, the entrepreneurial arm of National University of Singapore, to launch PIER71 (Port Innovation Ecosystem Reimagined @BLOCK71). With ongoing disruption in the industry, the effort encourages innovation by gathering start-ups and enterprises to explore solutions through ideathons, workshops, and training.

"We wanted people to take a second look at the industry and say, 'Hey, there are exciting developments happening here and I want to be a part of it,'" Mr Tan recalled. "This helps to invigorate the industry, leading to more locals, including women, viewing maritime differently. Inevitably, some jobs will be automated — some workers fear they will lose their jobs to this. But it also opens up new opportunities or higher-level operations.

### Lessons Learnt

While MPA is a catalyst that drives action, whether it is coming up with a blueprint for the new port or establishing strategic alliances with complementary industries, at the heart of these plans is the tripartite relationship.

"Massive transformation is needed in the maritime industry. Tripartite partners need to work together to make it happen," Mr Tan said. "The debate in other parts of the world right now is that automation will kill your job. People can't seem to get beyond that conversation. But here, we are showing people that all these can work — you can take on new roles in the same industry with the right training."

As maritime players confront challenges such as digital disruption and job cuts, sensitive leadership is required to guide companies and unions to navigate the changes. People will begin to embrace the new narrative when they see that the government, companies, and unions are on the same page, singing the same tune, and encouraging the transformation.

"We have to constantly reinvigorate tripartite relations. In a way, you are bringing that psyche into the industry that we are in this journey together. There is a fair bit of deliberate effort and design that we put into this," Mr Tan added.

Singapore Shipping Association (SSA) past president, Esben Poulsson, credited Singapore's success in the maritime sector to "a long-term strategy developed years ago in the late 80s to make Singapore a top international maritime hub".

"Of course Singapore's geographical location gives it an advantage, but it is the strategy that has made it a maritime hub on the world scale," he said. "Tripartism is a major element in the realisation and execution of this strategy. There is a collaborative spirit among all parties to want to do this together — to be part of the success."

The SSA and MPA have a well-established relationship and meet regularly, which gives the association ample opportunities to convey the industry's concerns to the Government. For instance, shipping companies are anxious about the newly introduced sulphur regulation which came into force on 1 January 2020.

To address concerns, the SSA and MPA jointly organised a seminar in June 2019 to explain the ruling and help shipping companies navigate the change — an illustration of the working relationship both parties share, and the support that MPA gives to the industry. Could such a tripartite model be replicated in other countries? Mr Poulsson replied, "It could, in theory. But it will need political will to develop a country as an international maritime centre, and a coherent, well-thought-out and consistent strategy that is not subjected to the whims of politics".





## WHAT IF?

Sustainability in the maritime sector is tied closely to harmonious tripartite relations. Without tripartism, many initiatives in the industry today may not have taken off.

Instead of a collaborative relationship, the unions may treat companies with scepticism and suspicion. Companies may not back the government in its efforts to transform the industry, and continue to rely on foreign workers — a short-term solution that will only destabilise the industry in the long term.

In some countries, dockworkers who are unhappy with disruption and job losses have gone on

strikes, causing ports to come to a standstill. This is a situation that should never happen in Singapore where ports are an essential service.

As it is, Singapore — ranked the top maritime capital for the fourth consecutive time in 2019 — faces strong competition from places such as Shanghai and Dubai. As Mr Poulsson noted, ship-owners are a mobile group who have no lack of options. “Ship-owners will move if they have to,” he said.


Having strong tripartite relations enables Singapore to remain attractive and competitive as a maritime capital. The industry can confront challenges calmly and work out a way forward that benefits all parties.

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<sup>1</sup>The last publicly known membership figure was about 900,000 in 2016. Information retrieved online at: <https://www.straitstimes.com/singapore/ntuc-brings-smes-professionals-into-fold>. NTUC membership numbers include General Branch (GB) members, a category introduced in 1992 for employees who do not work for unionised companies or are not eligible to be represented by unions. GB members still enjoy other non-union benefits.

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