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THE COLLABORATIVE STUDY

Creating a Great Workplace For All in Singapore: First Steps for Business Leaders

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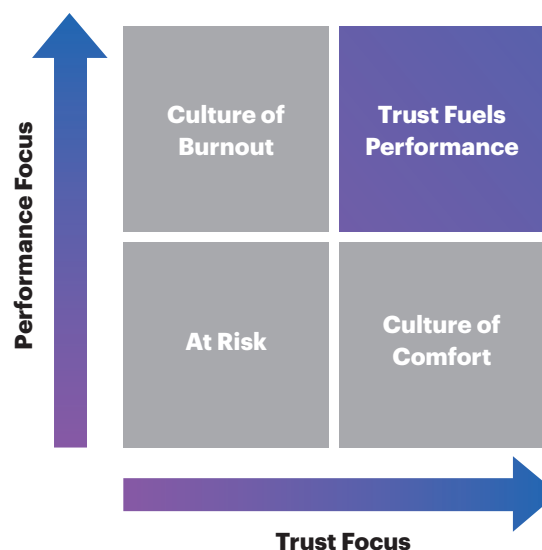
Great Place to Work® Institute Singapore

In a highly competitive business world, the pressure for bottom-line results can be intense – sometimes at the expense of a positive workplace environment. Yet, it seems there are organizations that not only do well, but also have people who trust their leaders, possess deep pride in their work and organizations, and take genuine pleasure in working with their colleagues.

How do these Best Workplaces manage to balance both performance and people goals? A closer observation and analysis demonstrate that these two are not at odds. There is, in fact, a dynamic synergy between both objectives and ignoring either one can be detrimental – resulting in a ‘Culture of Burnout’ or a ‘Culture of Comfort’, based on the Great Place to Work® Culture Spectrum.

When compared to the market average, the Fortune 100 Best Companies to Work For, curated by Great Place to Work® Institute, consistently outperformed the rest for almost two decades. This was the case regardless of whether it was a bull or bear market. In fact, great workplaces in the United States had stock returns 3 times more than the market average¹.

The Great Place to Work® Culture Spectrum - A ‘Trust Fuels Performance’ culture is where organizations should aim for. Too much emphasis on performance, or trust, can be detrimental for an organization – you end up either with a ‘Culture of Burnout’ or ‘Comfort’.



It is crucial to examine and understand this oft-cited dilemma of senior leaders in order to devise realistic and effective business solutions. For this purpose, we analyzed data from Great Place to Work® Institute Singapore for insights, and developed recommendations on how a ‘Trust Fuels Performance’ culture can be achieved.

Delving into the 2015-16 Singapore Best Workplaces database, a preliminary analysis identified several significant areas of difference between Best Workplaces and the other unranked list contenders. These early findings, when considered alongside existing government and thought leadership initiatives, point toward three observations:

- 1) Strategic Human Resource (HR) leadership has a strong impact on the bottom-line
- 2) Diversity as a strategic initiative, properly executed, cultivates a climate of innovation
- 3) Inclusive learning and development opportunities maximize both performance potential as well as returns

For some, these observations may sound unsurprising as management experts have suggested that human resource management, diversity, and employee development are important for optimal organizational performance. However, the research has surfaced unique insights in relation to the Singapore context. Ahead of the full report scheduled for release in 2018, this early research paper provides an initial analysis of key considerations and how they can be applied in Singapore businesses.

Key Consideration 1: Be Relentless in Building Strategic Human Resource Capabilities

Each year, The Conference Board asks CEOs around the world to share their top challenges and issues². For years now, human capital has repeatedly surfaced as the most pressing of all issues. Yet, when top business leaders are asked about how the HR function is helping them with this challenge, the answers are mixed. In fact, only 27% of CEOs indicate that they have confidence in addressing human capital challenges in their businesses. While HR professionals are in every organization, few are said to play a truly strategic role.

1.1 Elevating Strategic Human Resource Leadership

Strategic HR leadership is primarily concerned with the factors that affect an organization's ability to effectively execute business strategy. Individuals who are empowered in these positions are actively involved in pivotal areas such as aligning organizational culture, structure, leadership, and talent management practices. However, it is impossible to address these macro-level organizational issues, when HR is constantly saddled



with administrative functions pertaining to payroll, performance management, and compliance.

Elevating the role of HR from one that is administrative to one that is a strategic and integral part of the top management team can be critical for creating a great workplace. Global research has shown that organizations with a more senior-level HR leader are more likely to be great places to work in³. For Singapore businesses, this remains an area of challenge. The Human Capital Leadership Institute (HCLI) recently completed a study on HR leadership careers and found several “Stall Points” in the advancement to leadership roles⁴.

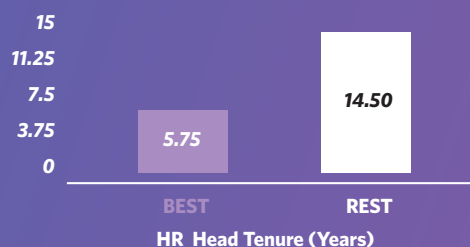
Armed with a macro perspective and deep understanding of people issues, experienced HR leaders can help inform and guide strategic decisions. They can also acutely identify development priorities for management. To balance the workload, technology may also provide much-needed assistance and enable HR leaders to carry out both functional and strategic work – firstly, by automating time-consuming HR administrations, and secondly, by gathering relevant data and generating insights into the organization's “realities”.

1.2 Staying at the Forefront of Human Resource Management

Operating in a fast-paced economy requires adaptability, constant innovation and, when necessary, rejuvenation. This applies to HR leadership as well. In general, senior executives tend to establish themselves and peak between the 5th to 9th year in the role⁵. Global research also shows that top-level leaders with longer tenures in a single role within an organization, tend to prefer the status quo, may be less inclined to accept strategic change, and show signs of performance decline^{6,7}.

Interestingly, there is some indication that Best Workplaces in Singapore are aware of the importance of senior HR leadership renewal. Across the Singapore sample, Senior HR leaders at the top-ranking Best Workplaces have held that position for an average of 5.75 years, compared to 14.5 years at other organizations.

This might suggest that HR leadership rejuvenation could potentially give rise to a competitive advantage when it comes to being ranked as one of the Best Workplaces.



It is important to highlight that this does not mean that we should simply retire long-standing HR leaders. To stay relevant and on top of its game, there are various ways to refresh and renew HR leadership. For example, purposeful professional development, internal promotions, lateral movements, and growing the team with external talents. All these could lead to fresh perspectives, desire to make greater impact, ready embracement of change, and a willingness to try new HR practices to meet organizational needs.

What remains more pertinent is the continuous need to stay abreast of cutting-edge practices in the field and learn from organizational development thought leadership. There is also a need to re-evaluate the alignment between existing HR strategy with the strategic imperatives of the organization. **On one hand, HR needs to stay relevant and play a proactive, value-added part in senior leadership conversations. On the other hand, the senior leadership team must allow HR a seat at the table and value its contributions in equal measure.** Regular review of HR capabilities and programs could prove to be vital as well.

While adopting best practices may be useful, it is not merely replicating what other organizations do. It is essential, instead, to factor the unique context and challenges of each organization before identifying the most strategic actions within the key areas of culture, structure, leadership, and talent management. By adopting a holistic, open-minded and future-forward approach, it will help drive results while fostering a positive work environment.

1.3 Tapping on The Ecosystem to Grow Strategic Human Resource Capabilities

As Singapore transitions to a manpower lean economy, there is an even greater need for organizations to maximize human potential and invest in HR as a strategic asset, rather than a utilitarian function.

The role of the HR profession will only become more critical as we transit towards a manpower lean economy.

Lim Swee Say
Minister for Manpower

Recognizing the importance of building future HR capability at all levels, the Singapore government launched a comprehensive HR industry manpower plan in 2017. This includes the establishment of the Institute for HR Professionals (IHRP), which aims to raise the bar for the profession through a national certification program.

This signals the government’s commitment to address the human capital needs of businesses, while instituting a career and competency framework for HR professionals. Ultimately, building strategic HR capabilities is not only good for the profession, it also makes better business sense. In the longer term, organizations become better equipped to hire right; designing people policies that potentially generate exponential returns in multiple aspects of the business.

SUGGESTED BUSINESS LEADER ACTIONS:

- Hold the HR function to a higher standard, ensuring they adopt a holistic and strategic view - taking into account the alignment between organization culture, business performance, leadership, structure, and talent management
- Elevate the status of HR by including HR leadership in strategic business discussions; ensure their professional views are sought and considered before making decisions
- Encourage HR professionals to get certified, seek new training opportunities, and to be proactive in staying abreast with the latest HR developments and industry trends

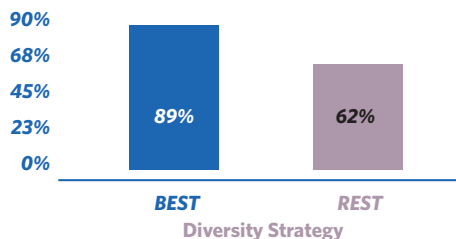
Key Consideration 2: Make Diversity a Central, Everyday Reality Across the Organization

Research shows that diversity can unlock innovation and help drive market growth⁸. For global multi-national firms today, diversity and inclusion efforts have become an important and permanent part of organizational culture and policy. What started out as legal obligations have reaped tangible benefits for organizations, and have since become more than just a “feel good” practice or politically correct branding.

At successful organizations, there is room and recognition not only for *inherent diversity* (i.e. traits that we are born with such as race and gender), but acquired diversity (i.e. what we gain from our personal experiences) as well.

Our preliminary research shows that 89% of all firms ranked by Great Place to Work[®] as Best Workplaces in Singapore have a clearly defined diversity strategy, compared to 62% among all other unranked organizations.

These Best Workplaces are also more likely to have definitive programs to include and integrate individuals from a diverse range of differences: from gender, to sexual orientations, ethnicities, and abilities. These companies are also more likely to have older workers, reflecting an inclusive approach to the age issue.



In Singapore, diversity forms one of the basic pillars of society, with the co-existence of different ethnic and religious groups, four official languages and foreign talent of various nationalities. While our social backdrop is diverse, the ability to instill a culture of diversity and inclusion within an organization is not a given. In fact, psychologists tell us that it is human tendency to seek out individuals who are like ourselves.

Admittedly, promoting and implementing workforce diversity across all aspects can be complex and challenging. This will, however, be increasingly expected of most workplaces and an indispensable part of successful businesses⁹. A recent study by global consulting firm PwC shows that many companies in Singapore are making a strong effort to improve gender diversity starting with the recruitment process¹⁰.

Organizations with clear and published diversity strategies in Singapore are more likely to be recognized as great places to work.

While this preliminary report does not discuss financial growth, it is evident that organizations that embrace diversity with a sound strategy and plan are more likely to succeed in creating great workplaces with peak performance and people goals. The Great Place to Work[®] Singapore 2016 research revealed that employees in Best Workplaces are 1.2 times more likely to experience higher trust levels with their leaders and amongst their colleagues.

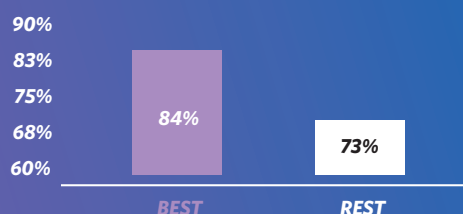
For many organizations and even the Best Workplaces, diversity is a deeply complex issue. It requires constant and conscious efforts to build a genuine, long-lasting culture around it. A sensible starting point would be to review existing recruitment and succession planning policies and processes to adjust the mix of talent across the organization.

Key Consideration 3: Ensure Inclusive, Ongoing Learning and Development for All

Unsurprisingly, organizations recognized as Best Workplaces in Singapore are more likely to focus on employee learning and development. Yet, the degree of difference is quite striking. Preliminary analysis showed that 95% of the top-ranking organizations in Singapore indicated that they have development plans in place for all levels, compared to 75% of the rest. **Leaders from the Best Workplaces understand that for a business to thrive, there is a need to invest in all their talents, without exceptions.** This inclusive practice also empowers employees who feel appreciated and valued, and subsequently motivated to give their personal best and more for the organization.

95% of organizations recognized as Best Workplaces by Great Place to Work® have development plans drawn up and executed for all levels of employees.

I will be equipped with the skills and knowledge to stay relevant in the workforce for the next 5 years



In our study of Best Workplaces in Singapore, we find that employees in top-ranking organizations are more than twice as likely to be offered training and development opportunities to further themselves, compared to the rest. When it comes to building great workplaces, this is clearly an area that makes a significant difference.

“Employees from Best Workplaces are 2x More Likely to be offered training and/or development to further themselves professionally.”

In recognition of its progressive human capital development, Singapore was ranked #1 across Asia and #11 globally by the World Economic Forum (WEF).

The qualifying criteria includes a review of current skills across 130 countries, which illustrates how well some nations are doing in the development of human capital in conjunction with the changing nature of work¹¹.

The high WEF ranking can be attributed to strong foundational values centered round education and an openness toward international talent. This endorsement comes with high expectations from employees for ongoing development and life-long learning. In this regard, the Best Workplaces in Singapore appear to be doing significantly better. When employees were asked to what extent their organizations are future-proofing the workforce, **84% of employees from the Best Workplaces were confident that they would be up-skilled and remain relevant, compared to 73% for the rest.**

Business leaders can find ways to leverage government support to help refresh and reskill the workforce based on changing needs. With the launch of the SkillsFuture program in 2016, the Singapore government has sent a strong signal regarding the importance of life-long learning and the need to constantly develop new skill sets. A year on, more than 126,000 people have tapped on the SkillsFuture Credit scheme¹². The nature of work is changing and nationwide initiatives like this allow citizens to develop their own skills in a way that maximizes their career potential – regardless of profession or years of experience.

SUGGESTED BUSINESS LEADER ACTIONS:

- Develop fit-for-purpose competency frameworks for different job types
- Ensure that employees have a development plan aligned to the competency framework
- Offer a range of internal and external learning and development opportunities
- Leverage government programs for direction and financial support
- Allow employees to seek development opportunities beyond what is formally offered

Summary and Conclusion

Comprising a study of existing research, original data and fresh insights, this preliminary research report aims to shed light on what makes a great workplace, with specific reference to Singapore’s context. Findings point toward strategic HR leadership as the linchpin of truly great workplaces, with their ability to shape the people and business aspects of an organization.

Firstly, giving HR the mandate it needs is but the initial step. It is a long-term journey that requires fresh perspectives on HR policies and programs, in line with broader organizational and business goals. Secondly, a hallmark of great workplaces is a culture of diversity in all aspects. Having a clear strategy on diversity and inclusion is necessary, but what is more essential is allocating resources and commitment needed to make it an everyday reality. Finally, great workplaces do not stop at welcoming people of different backgrounds just to hit diversity metrics. They enable and encourage the pursuit of diverse personal and professional aspirations without losing sight on what their organizations need to succeed.

About the Research Study:

The observations highlighted in this report were based on a review of the results from the 2015-2016 Great Place to Work® Singapore database, representing close to 20,000 employees. The proprietary instruments used in this research include a Culture Audit® tool that captures factual company information and managements' people practices, which are then verified through interviews. In addition, an employee Trust Index® survey is administered in each organization to gather employees' perceptions and sentiments on their leader, colleagues and workplace. While a complete report is scheduled to be published in 2018, this early release is targeted to share initial findings from participating organizations for the benefit of all in the Asia region.

About the Authors:

Richard R. Smith is a Professor of Strategic Management and Associate Dean in the Lee Kong Chian School of Business at Singapore Management University. He is a co-author of Human Capital and Global Business Strategy and numerous other publications on human capital for competitive advantage in business. Prior to his current appointment, Richard was a Partner and Managing Director at Accenture, a leading global professional services company, where he retired after 25 years of service.

Benjamin Ho is a Senior Consultant with the Great Place to Work® Institute in Singapore where he leads the research and analytics team. He is a registered Psychologist and over the past decade, he has held numerous roles leading teams focused on organization development and talent management in both the public and private sectors across Asia and Australia.

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