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Singapore's meritocracy is fundamentally pragmatic. A small island city-state can ill afford for any but the most qualified and competent to be assigned to key positions that could exert a far-reaching impact on the national landscape. Singapore's survival and success has come in no small part from clear-eyed policy decision-making and public service delivery free from gainsaying by connections, prejudice or other considerations than the broader public interest. It is because we consistently put forward those who can best contribute to the national good — whoever they may be — that we have been able to nurture a clean, high-performing public sector to support a thriving Singapore.

Society as a whole benefits when duties are performed by the most able persons available for the job. Sound policies, social development and better access to education have lifted many of the barriers that might have prevented capable individuals from coming forward in the past. Yet economic as well as social needs have also become much more complex and even divergent. Some have argued that conventional yardsticks of merit and competence may have to be reviewed in light of rapidly changing public expectations and market demand *(p. 6)*. Observers have also asked whether the relentless pursuit of excellence and merit-based rewards — assumed to inculcate discipline and accrue optimal gains for all — has in fact left some in society behind due to factors over which they have little control. These are questions being asked not just in Singapore, but in thoughtful societies around the world, by governments keen to strike the right balance between robust economic development and a stable society with a strong sense of shared purpose and common wellbeing *(p. 14)*. Even in the United States, a country known for its powerful narrative of individual effort and achievement, new research has found the actual level of social mobility lower than had been presumed *(p. 20)*.

Singapore's economic and social policies, while founded on principles of self-reliance and effort, have also been mindful of the need to level up and broaden opportunities for all, while helping the less privileged to keep up with the nation's growth *(p. 25)*. With rising affluence, the low-hanging fruits of upward mobility have mostly been harvested, even as a maturing economy

and ageing population present new challenges. One argument being put forward is that stronger social safety nets, supported by a more capable and engaged community sector, can provide much needed ballast to the nation — allowing Singapore to take bolder steps forward as it seeks to reinvigorate its economy, while still taking care of complex social needs without being unduly burdened by growing costs. To do this, however, the relationship between the public sector and other stakeholders would have to be rebalanced *(p. 35, p. 40)*. There are also calls for more comprehensive data to be made available to researchers, to allow for better analysis and thinking on the key issues.

There seems to be growing agreement that centralised planning in the traditional sense will have limited effectiveness in an age of increasing uncertainty and complexity *(p. 49)*. However, if new models of governance have to be developed across all aspects of public sector work, from economic development to social policy to healthcare and beyond, they must also be sensitive to the nuances of their context; not all complex dilemmas call for the same tools *(p. 57)*. The effective merit of a solution, not its provenance, must be allowed to take precedent. The best ideas, like the best teams, may be those that are convened and curated from across a diverse pool of talents and

techniques. Toolkits and frameworks for such broader thinking have been introduced; an organisational culture that is comfortable and adroit with these approaches will take time to develop, through experimentation, simulations and practice *(p. 66)*. These are areas in which the Singaporean system has been sound to date, even as there is still much room to learn and grow, ahead of rising demand and in good time for the future *(p. 75)*.

I wish you an insightful read.

Alvin Pang
Editor-in-Chief
ETHOS

Meritocracy: Time for an Update?

While the spirit of meritocracy is still important for Singapore, there may be a need to review our ideas about how it can be put into practice.

BY

TIANA DESKER

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Meritocracy as an ideal resonates with most Singaporeans. As a principle, meritocracy speaks to fairness, opportunity, and the promise of social mobility. In general, meritocracy refers to the notion that individuals are appointed (or promoted) to positions on the basis of their ability to do the job, and not because of their family background, ethnicity, age, gender, or national origin. In the everyday experience of Singaporeans, however, meritocracy has come to mean many things, not all positive. While it remains an ideal shared by many, some questions have been raised about how well our meritocracy is functioning in practice, after fifty years of nationhood.

The Critique of Meritocracy

With the advent of globalisation, labour flows and rising social inequality in societies around the world,[1] critics have come forward with several criticisms of meritocracy as it is conceived and practised today.

Mobility and Inequality

One criticism levelled at meritocracy is that it offers the promise of equality of opportunity, but does not deliver. In Singapore, the end of colonialism and its institutional discrimination against non-Europeans brought about a "reshuffling of the deck", and consequently high rates of social mobility. This was accelerated in the years following Independence by the emphasis on education: heavy subsidies for public schools gave many Singaporeans of humble backgrounds a chance to prove themselves and succeed. Today however, some have expressed concern that the lines of wealth, status and cultural capital are gradually hardening:

MERITOCRACY: THE HISTORICAL CONTEXT

In Singapore, a commitment to meritocracy first emerged in debates over the Malayanisation of the civil service in the 1950s. In his work on the Malayanisation Commission, S. Rajaratnam sought to entrench meritocracy as a principle within the Singapore civil service. In the words of the report of the Malayanisation Commission:[1]

It is essential that, apart from statutory requirements, every officer should feel that he can get right to the top if he is sufficiently meritorious and paper qualifications should not be a sine qua non for promotion.

The hearings of the Malayanisation Commission spoke to the systematic discrimination in the civil service in favour of British expatriates and against Malayans. In this context, meritocracy was about replacing British officers in the civil service with capable local officers, effecting the transition from a civil service designed to serve the interests of the colonial power to one designed to serve the citizen.

Merger with Malaysia in 1963 precipitated a contest between an UMNO-dominated leadership in Kuala Lumpur committed to protecting the special rights of Malays as *bumiputera* (or "sons of the soil") and a PAP leadership in Singapore who advocated a "Malaysian Malaysia" whereby the various ethnic groups would have equal rights, regardless of their demographic status as majority or minority groups in society. This commitment to equal rights, opportunities and consideration among the races became a factor in Singapore's eventual exit from Malaysia in 1965.

In post-independence Singapore, meritocracy was tied to the fight against a culture of patronage and the drive to build a clean and effective public service. Founding Prime Minister Lee Kuan Yew was adamant that public servants should advance on the basis of merit, not connections. An open recruitment system and proper appraisal systems were put in place, public servants were paid market-competitive salaries tied to performance, and poor performers were exited. These practices continue today.

NOTE

1.   Quoted in Irene Ng, *The Singapore Lion: A Biography of S. Rajaratnam* (Singapore: ISEAS, 2010).

Having a wealthy background can give you the upper edge from the very beginning through an expensive, private kindergarten education, and later on through expensive tuition, enrichment programmes that will benefit you when applying for school, and connections for good internships and jobs. This is also played out when children of alumni get preferential access to schools.
— Diana Rahim, Meritocracy as Myth[2]

Official statistics show that Singaporean households in the top income quintile spend on average $175 a month on private tuition and other enrichment courses for their children. This is five times as much as what the household in the bottom income quintile typically spends.[3] The suggestion is that this could entrench the advantages enjoyed by children of the wealth, enhancing the likelihood that they can succeed and do better in life compared to their less privileged peers.

There is recognition that our commitment to meritocracy should be tempered with broader social values such as compassion, humility, and regard for the poor.

Maintaining a high degree of social mobility will be a continuing challenge for Singapore, as it is for most advanced economies. Nevertheless, compared to many other societies, however, social mobility in Singapore is still high. A child born to parents in the bottom quintile of incomes has a 14% chance of attaining an income in the top quintile by the time they reach their early 30s; in contrast, they only have 8% chance in the US and 9% in the UK.[4]

Defining Merit

What does it mean to hire, appoint and promote the "best" person for the job? One criticism of meritocracy in Singapore is that there has been an over-reliance on academic credentials as a proxy for merit, particularly in the early stages of a person's career. This narrow view is changing. Deputy Prime Minister Tharman Shanmugaratnam has pointed out that "Singapore must become a meritocracy of skills, not a hierarchy of grades earned early in life".[5] When hiring fresh employees, the public service and firms are placing greater value on the non-academic elements in their track record, seeking candidates with a breadth of experience and the ability to work in a team.

Systemic discrimination could also go unacknowledged. Studies of the US job market have shown that for resumes of equal standard, one assigned a typically African-American name such as Lakisha or Jamal has a 50% lower call-back rate compared to one assigned a typically white name such as Emily or Greg.[6] Such studies have yet to be conducted in Singapore, but unconscious biases (such as on the basis of age, ethnicity or gender) could still be at play.

The need for safeguards to preserve meritocracy in the workplace concerns not only ethnicity but also nationality. Many firms in Singapore have a multi-national workforce; in some cases, Singaporeans may be a minority within the firm. Some Singaporeans have alleged discrimination by hiring managers who have a preference for foreign nationalities (such as their own compatriots). Indeed, to address such concerns, the Fair Consideration Framework was established in 2014 to help ensure that qualified Singaporeans are considered for jobs fairly.

Meritocracy and Values
In Michael Young's cautionary 1958 book *The Rise of the Meritocracy* (in which the term "meritocracy" was first coined), he described British society as shifting from one where advancement is based on birth to one where it is based on talent. Young was concerned that people who attribute their success to their own "merit" instead of the accident of birth would become insufferably smug; he described meritocracy as a system that leaves the poor "morally naked", because they are judged to "lack merit".[7]

Today, there is once again a concern that meritocracy, with its emphasis on individual effort and striving, can engender a hyper-competitive and individualistic frame of mind. In the context of Singapore, Kenneth Paul Tan[8] has written about the unintended consequences of meritocracy:

Conspicuously wide income and wealth gaps, instead of serving as an incentive, can breed a culture of resentment, futility, and disengagement among the system's losers, thus perpetuating their low status, heightening their sense of disenchantment and alienation, and igniting a politics of envy.

Updating Our Conception of Meritocracy
Meritocracy as an ideal remains relevant — it guards against corruption, discrimination, and unfair practices. However, there is recognition that our commitment to meritocracy should be tempered with broader social values such as compassion, humility, and regard for the poor. The individualistic impulse ought to be balanced with a restatement of the role of society in enabling achievement and progress for each citizen:

We will build an open and compassionate meritocracy. Maximise equality of opportunity, while moderating inequality of outcomes . . . We will provide diverse pathways of success; treat all with dignity and respect, whether it is white collar, blue collar.
— Prime Minister Lee Hsien Loong, 2013[9]

Public policies in recent years have placed more emphasis on improving social mobility, reducing inequality, and caring for the most vulnerable in our society. Efforts have been made to strengthen the Government's redistributive role and provide greater risk-pooling, to broaden the social safety net.[10] Such policy shifts have, in aggregate, begun to redefine how meritocracy works in Singapore.

Giving Every Child a Fair Start

In a fair system of meritocracy, there must be steps to ensure that everyone can have a good start in life, with a chance to achieve their potential regardless of their background. This begins with early childhood education. Acknowledging this, the Singapore government has doubled expenditure on the pre-school sector, with S$3 billion slated to be invested over the period 2013 to 2018. Pre-school subsidies have been enhanced, such that households with incomes in bottom quartile pay only S$3 a month for pre-school education. There are also efforts to raise standards in pre-schools, with scholarships and training grants to help pre-school teachers attain relevant qualifications.

To help children from disadvantaged backgrounds keep pace with their classmates, a specialised early intervention programme now supports those who enter primary school with limited English language or mathematics skills. The Government is also expanding the number of school-based student care centres; these especially help children who may not have a supportive learning environment at home.

Other interventions help ensure that young people do not drop out of school early due to a lack of funds. In Singapore, students from low-income households do not pay school fees. They receive free textbooks and uniforms, transport subsidies and are enrolled in a school breakfast programme. Bursaries for lower-income students attending university, polytechnic and institute of technical education (ITE) have also been expanded. The sum provided for ITE bursaries is significantly higher than the school fees: this helps reduce the opportunity cost of spending time in school instead of working.

Taken together, such policies help maintain a higher degree of social mobility in Singapore. We cannot stop parents from sending their children to expensive private kindergartens, nor from providing numerous other advantages to their children, from reading with them to giving them good counsel. But we can ensure that the public education system offers every child a reasonable chance at success.

Many Paths to Success

If meritocracy also implies contest, other policy interventions help reduce the uncertainties and anxieties

A MORE INCLUSIVE APPROACH TO MERITOCRACY

As Singapore's largest employer, the Public Service plays a key role in changing attitudes towards paper qualifications.

Public Service Commission scholars today are drawn from a more diverse pool that includes polytechnic graduates and those who attended specialised programmes such as the School of the Arts. While in the past, the Public Service had separate schemes of service for graduates and non-graduates, there is now a single scheme of service, meaning that starting academic qualifications are no hindrance to career advancement, which is based on performance on the job.

associated with a competitive education system and labour market, and provide assurance that there are multiple pathways to success.

For instance, many Singaporean parents continue to regard the Primary School Leaving Examination (PSLE) as a "make-or-break" milestone that would determine whether their children could enter a prestigious school (presumed to have a higher quality of education and outcomes). In response, there have been efforts to make every school a good school, for example, appointing the best teachers and principals to schools with poorer student outcomes, to raise standards. The PSLE scoring system is also being changed to create wider bands for grades, so that there is less competitive pressure surrounding this educational milestone. Greater flexibility across the various academic streams now allows students to take each subject at the level that is comfortable for them. Singapore's ITE and polytechnic system today also offers excellent teaching, nurturing skills valued by industry, representing a real alternative to the junior college and university route.

While we still value self-reliance and hard work, there has been a greater acknowledgement of the need for collective responsibility and care for the vulnerable.

Beyond these policy measures however, there is a need to change social attitudes. Singaporeans ought not to aspire to any single "best" educational stream or life path. Deputy Prime Minister Tharman Shanmugaratnam[11] has stressed the need to move beyond the soulless pursuit of academic qualifications:

Not choosing a course just because you qualified based on your 'A' Level score or GPA, but because it appeals to you, you feel interested enough in the field to keep learning, to keep progressing and applying yourself with passion … It cannot just be about paper qualifications, whether a degree or diploma … We should encourage our young to pursue their interests, and go for real substance, whatever the qualification.

To underline this mindset change, new initiatives such as SkillsFuture (which offers training grants and subsidies to all Singaporeans) are signalling that everyone at every stage in life has the capacity to acquire new skills, and that help will be given to enable them to do so.

Moderating Inequality & Caring for the Vulnerable

Meritocracy as a system tends towards unequal outcomes: for instance, higher wages in a profession may be necessary as an incentive to effort and skill. However, there are limits to the levels of inequality that we find acceptable as a society. While we still value self-reliance and hard work, there has been a greater acknowledgement of the need for collective responsibility and care for the vulnerable. In 2013, Prime Minister Lee Hsien Loong[12] observed:

There are some things which individuals cannot do on their own and there are other things which we can do much better together. So we must shift the balance. The community and the Government will have to do more to support individuals.

Recent policies have leaned towards greater redistribution and strengthening social safety nets,[13] including enhancements to public assistance, universal health insurance, and significant new benefits for the elderly.[14] Measures are also being taken to raise the wages of lower-income workers, for example, through the Workfare scheme and the Progressive Wage Model.

Such major initiatives, all of which have a redistributive element, are being funded in part through a more progressive tax structure. They indicate the need for the most successful in a meritocratic society to play a greater part in contributing to the wellbeing of all. In 2013, the most expensive homes (especially investment properties) were subject to higher tax rates; in 2015, it was announced that personal income taxes for the top 5% of income earners would be raised.

It will take time for the effects of these policy shifts to be felt. It will take years more for long-held social attitudes to change. Singapore is likely to maintain faith in the spirit of meritocracy; however, as with all principles, the way in which it is realised will continue to evolve.

NOTES

1. Inequality in Singapore — as measured by the Gini coefficient — grew significantly beginning in the mid-1990s, before plateauing in the mid-2000s. See: Tharman Shanmugaratnam, "ESS SG50 Special Distinguished Lecture" (annual lecture of the Economic Society of Singapore, August 14, 2015).

2. Diana Rahim, "Meritocracy as Myth", 4 April 2014, accessed 14 August 2015, http://poskod.sg/Posts/2014/4/4/Meritocracy-as-Myth.

3. Department of Statistics, "Report on the Household Expenditure Survey, 2012-13", September 2014.

4. Figures cited in Tharman Shanmugaratnam, "SG50 Distinguished Lecture". See Note 1.

5. Tharman Shanmugaratnam, "Budget 2015: Building Our Future, Strengthening Social Security" (budget speech to Parliament), February 23, 2015.

6. Marianne Bertrand and Sendhil Mullainathan, "Are Emily and Greg more employable than Lakisha and Jamal? A field experiment on labour market discrimination," U.S. National Bureau of Economic Research Working Paper, July 2003.

7. Michael Young, "Down with meritocracy," *The Guardian*, June 29, 2001.

8. Kenneth Paul Tan, "Meritocracy and Elitism in a Global City: Ideological Shifts in Singapore", *International Political Science Review* 29 (January 2008): 7–27.

9. Lee Hsien Loong, speech at the People's Action Party Convention (December 8, 2013).

10. See Note 5, Tharman Shanmugaratnam, Budget 2015 Speech, February 23, 2015.

11. Tharman Shanmugaratnam, speech at the Official Opening of the Lifelong Learning Institute (September 17, 2014).

12. Lee Hsien Loong, speech at the National Day Rally, August 18, 2013.

13. The new MediShield Life universal health insurance programme provides assurance for those who face major illness, as well as those with pre-existing conditions who earlier did not qualify for health insurance.

14. The Pioneer Generation Package (subsidised healthcare and disability benefits) and Silver Support Scheme (monthly cash benefits to seniors with lesser means) provide Singaporeans with greater assurance that their needs in their later years will be looked after.

Striking the Right Balance

Participants from the 7th Leaders in Governance Programme discuss the prospects for maintaining an agile and prosperous society that is also responsive to diverse and increasingly complex needs.

The ETHOS Roundtable was conducted by ETHOS Editor-in-Chief Alvin Pang in September 2014 with a group of participants in the 7th Leaders in Governance Programme (LGP) in late 2014. Organised annually by the Civil Service College, the LGP draws from Singapore's development experience to offer practical insights into the fundamentals of good governance and effective policy implementation for sustainable economic development and social cohesion. Over the eight-day programme, participants interact with senior government officials and thought leaders, and visit key government agencies to understand their operating philosophies and values.

PARTICIPANTS | **Mr Hamzah Sulaiman**, Permanent Secretary (International, Planning and Development Economy and Finance), Prime Minister's Office, Brunei Darussalam
Mr Filimone Waqabaca, High Commissioner, High Commission of the Republic of Fiji, New Zealand
Mr Mohammed Mosly, Deputy Director General for Special Programs, Human Resources Development Fund, Saudi Arabia

On Challenges Facing Governments Today

Hamzah: The global context has changed. Globalisation is a big factor. Technology connects people across the world in an instant, and ideas are being spread quite easily now. What has happened is that concepts of information sharing, transparency, good governance and public participation have now come to the fore. Governments all over the world have to deal with this. Significantly, most governments and public servants are not equipped to do this.

We need to equip our public servants with the necessary competencies to deal with such issues, including public engagement. This is quite new, especially if you come from an earlier generation of civil servants who need to learn how to be comfortable being more accountable and transparent to the public.

Another challenge is what I would call the "electronic games syndrome" — the new generation wants answers in an instant. That's not how governments work.

Waqabaca: The challenges are magnified because the world is interconnected. People can now make comparisons about how they are being served in their country and what other people are getting elsewhere. For example, if a public service or social welfare scheme is available in one country but not another, people might ask for it to be provided by their government. This puts pressure on governments who may not be able to provide such services at this stage. So how do you equip civil servants to manage such expectations?

I think the necessary changes in mindset are two-fold. One is from the civil servants themselves: career civil servants do not embrace change easily; we think that we know the right answers to every issue that comes along; we are reluctant to accept that any new ideas are being brought forth. So if change and progress are to take place, there must be an overhaul of this mindset in the entire public sector, especially among those who have come up through the system.

The second mindset shift is with regard to governments — towards governing with the people, and with the people in mind,

rather than assuming that government knows best and should dictate the way everything has to be done. We need to bring other stakeholders along — the private sector, and non-state actors — to help find solutions and then to move forward together instead of simply raising issues or complaining.

Mosly: It boils down to three things for me: shifts in mindsets, communication and leadership. The nature of each challenge depends on whether you are looking at the government, or the citizenry, or civil servants or institutions: whether each of these sectors has good leadership, whether they adopt mindsets that are aligned with the way the world is going, and whether there is appropriate communication between them.

Globally, the old mindset of prioritising "what's good for me and my family" is not going to work anymore. Increasingly, issues can only be resolved by working holistically, horizontally and not in silos. But it is very tough to train citizens to think like that. If you have a sick daughter or she's not

We should consider our definitions of meritocracy. Is meritocracy a matter of academic achievement and hard work? Or do we say that we want people to train from young to be good at what they do, to work hard for what they earn and what they deserve? Values can also be seen as competencies regardless of credentials.

doing well in school, or if you're poor, it is hard to think systematically about the community or society.

Now that the world has started to look at the environment, people can start to see how it's going to impact us. But social issues are not as clear as environmental issues. Yet if we don't take into account the social aspects of life, and think about them holistically, the way we think about the environment and pollution, they could just as well destroy us.

Govern with the people, and with the people in mind, rather than assume that government knows best and should dictate the way everything has to be done.

One important point is to embrace — or at least recognise — the diversity in our societies. It is not good to have a single generalised model. In Saudi Arabia, for instance, we are very diverse culturally from one region to another. And the majority of our population are youth. Differences in cultural norms between communities, and between generations, along with greater connectivity to the world, make the challenge of governance one of dynamic, never-ending, rapidly changing complexity. But how do we grapple with it?

On Managing Diversity in Society

Hamzah: Being connected has its advantages and disadvantages. Technology has amplified what used to be minority voices across society. Policymaking is getting more diverse and hence complex — societies can no longer be painted with one brush. Trying to get everybody on the same page is more difficult now. Yet you have to come to a collective decision and formulate policy so that people are generally not worse off. Trying to find a win-win space is difficult in diverse cultures and now the comparisons are to global benchmarks — not just to Brunei, where I'm from, but to the US or the UK and elsewhere.

This is why I think there has to be a gut-level conversation between governments and the governed. And there must be an understanding that governments cannot act instantly like they used to be able to, when they were operating within an environment they set up and could control. There must be certain parameters established so that society can come to a solution that works not just for participating individuals but also for the government and the whole nation.

That conversation is getting more difficult — both our bosses and the people are becoming more impatient.

Mosly: Each country and its government structure, population, economy is going to be different. For example, you have Singapore, with a system that is

agile, efficient and professional. And then you can have a country that has a legacy of bureaucracy and career government employees, for example, can get used to things taking a long time to happen. This is not necessarily a bad thing: sometimes things will take time, and you are thankful for it, because you've discovered a lot of mistakes along the way and the outcome could have been chaos had you rushed.

To balance between both approaches, we are shifting towards public-private partnerships, and creating structures to create more agility and responsiveness. But each country has its own context and will need its own elements to move ahead. There isn't a one-size-fits-all model. The challenge is to find a way to balance between standardisation of processes, while allowing for customisation and personalisation according to local context, and remaining agile as a system.

Waqabaca: I think the people need to be made aware of and to understand the structures that are in place. Order is brought about by establishing institutions and processes. The people need to know how issues are being handled through these structures, and what the trade-offs are; they need to know what the government can or cannot do. Of course, this does not stop us from making continuous improvements to our institutions and processes to keep up with the times.

Society is not only about the winners. This is where the idea of a caring meritocaracy comes in — you have to look after all of society, not only the winners.

Hamzah: The challenge will be trying to get people to understand the processes and institutions of governance. Some have done it through schools or through civic education. Once you have that understanding, I think there must also be some leadership, whether it's from the government or from the community, to forge not just a whole-of-government approach, but a "Whole-of-Nation" partnership. Every nation has different cultures, different values – I think in this process you will uncover your true values. What matters most to a society? This will inform the way it allocates its resources.

On Meritocracy, Values and an Inclusive Society

Waqabaca: When I heard the term "meritocracy" emphasised over and over again in Singapore, the thought that came to mind was whether you are creating a two-tier society. The best are being looked after, but what about the rest? I note that in Singapore you do have programmes that try to empower the rest, so that they can also

excel. Meritocracy has its role, but you need to see how you can manage those who fall behind.

I would rather have someone who is not technically superior but who has very good values, because the technical aspect can be acquired. With the right values, it will be easy to train them up. When I was with the Ministry of Finance in Fiji, which is one of the most sought after institutions to work for, one of the key things that we look for in an applicant are his or her values. We don't focus too much on their academic results because we know that once they come in, we can train them to become good central bankers.

Mosly: We should step back and ask why meritocracy was adopted, and consider our definitions of meritocracy. Is meritocracy a matter of academic achievement and hard work? Or do we say that we want people to train from young to be good at what they do, to work hard for what they earn and what they deserve? If that's the case, then you shouldn't only focus on academic credentials but should also look at human, social, behavioural, attitudinal values that can be instilled. These values can also be seen as competencies regardless of credentials.

My grandfather never went to school and he was one of the most successful businessmen in Saudi Arabia — he had a very strong set of values. Our system recognises values such as empathy,

loyalty, passion, trustworthiness and service orientation. These things can be instilled and ingrained, like a sort of cultural DNA; the rest are hard skills that can be trained for. In the course of the next generation, academic credentials will be rated less highly. There will be different ways of delivering knowledge and education.

If we don't take into account the social aspects of life, and think about them holistically, the way we think about the environment and pollution, they could just as well destroy us.

I would say the focus in the future ought to be more on tools for behavioural and attitudinal analysis. There are very good psychometric tools that are used in the private sector to assess people's behaviours and attitudes — a psychological composition, on how they deal with issues. To me, these are as good indicators of quality as someone's academic background. I have met people with graduate degrees from Harvard who don't really fit in the workplace; someone else with the right charisma, attitude and values could do much better.

Hamzah: Meritocracy as a value has served Singapore well. But if you go to the extreme, you may forget those who are left out. Society is not only about the winners. You have to take care of the weak as well. This is where the idea of a caring meritocracy comes in — you have to look after all of society, not only the winners.

Ultimately, what we want to achieve is an inclusive society. But that brings its own challenge, which is sustainability. How do you sustain a stable, meritocratic and inclusive society with a high quality of life, over generations?

You would need to continue to strike a balance — to maintain efficiency and effectiveness when you govern, yet also be compassionate. Talking to colleagues in Singapore, I think you are at a crossroads in terms of trying to achieve this balance, with recent policy shifts to take care of those who did not benefit as much from Singapore's success.

Systems — whether political, cultural, social or otherwise — inevitably change once there is an imbalance. If you don't adapt, you will be left behind. Other people will take courses of action that ensure attention is placed on changes they would like to see. You can't go overboard in either direction because it is going to catch up with you later. But if Singapore can find a model that achieves balance, it would serve the whole world.

What We Didn't Know About Multigenerational Mobility

Better income data has uncovered surprising insights about income mobility and income inequality, says the noted researcher and economics professor.

GARY SOLON

Gary Solon is the Eller Professor of Economics at the University of Arizona. Most of his research involves empirical analysis of labour market issues. He presently is concentrating on the behaviour of labour markets over recessions and expansions. Some of the other topics on which he has conducted influential research are the intergenerational transmission of socioeconomic status, earnings dynamics over the life cycle, and microeconometric methods.

Prof Gary Solon spoke at the MTI-CSC Economics Speaker Series on "Social Mobility Across Generations: International and Singapore Perspectives" on 27 March 2014. He shared these views in conversation with ETHOS Editor-in-Chief Alvin Pang and CSC Senior Researcher Leon Lim.

Income Mobility: Lower but more stable than previously believed

Thanks to better data and methods, researchers over the last few years have found that there is much less intergenerational mobility than previously thought. Inequality is transmitted from one generation to the next to a greater extent than was believed on the basis of the research of thirty years ago.

The belief among researchers thirty years ago that we live in very mobile societies is really a delusion that came from having poor data. For one thing, single year income measures tend to be imperfect measures of longer run income. On top of that, we are subject to a lot of reporting error because if you ask people in a survey how much money they made last year, you often get fairly inaccurate answers. Such measurement noise tended to obscure the patterns that are actually there. Thanks to having better data and analysis, we now understand that we were underestimating intergenerational persistence in the early research.

However, my own research has also found that intergenerational mobility over the last three decades seems to be fairly stable in the US. This was shocking, because I had expected that since inequality has

risen a lot in the US, mobility would have declined. But the data shows otherwise. One speculation about why this is the case might have to do with a great expansion in public programmes intended to help fight poverty, including providing more services to children coming from poor families. So it's conceivable that some of those programmes had a sufficient impact to offset some of the opposite tendency towards lower mobility.

Intergenerational Mobility: Differences and persistence not fully understood

Some work has been done on differences in income persistence across the income distribution in the United States. While people were expecting a poverty trap, there seems instead to be more stickiness at the other end: a 'wealth trap' if you will. There are probably more rags to riches cases than the other way around. Anecdotally, there seems to be better safety nets for the offspring of the wealthy. For instance, although my father was from a poor family, I had the chance to go to Harvard, an elite university. An extraordinary percentage of the students there were from a few elite private schools. Some of them spent all their time drinking and so forth, yet I have a hunch that those people are not doing so badly today, even if they haven't changed their work habits all

that much. They have enough going for them, including their family wealth and connections. They have more buffers against misfortune.

The question is: what can we do to level the playing field more, not in the sense of worsening the opportunities of well-off people, but finding things that are worth doing for children from disadvantaged families.

A brand new study by a team of Harvard and Berkeley researchers in the US, who have been able to get access to a large pool of income data from the tax authorities, has also been able to look extensively at intergenerational mobility quite accurately down to the city level. They seem to have found substantial differences in intergenerational persistence across cities. The study itself takes only an exploratory look at the characteristics that are most correlated between city differences and intergenerational persistence. However, they have observed that cities with more inequality tend to also have more intergenerational persistence. Other particulars are more difficult to understand, such as the correlation between declared religiosity and mobility, as well as the correlation between intergenerational persistence and the percentage of families in the

cities headed by a single mother. One can speculate wildly about these correlations, but it is difficult to know exactly what is going on.

There are also substantial cross-country differences in international persistence that are somewhat correlated with cross-country differences in inequality. Norway, for instance, has both less inequality than most other rich countries and also more intergenerational mobility than most other rich countries. Canada, a neighbouring country culturally similar to the US, has only a bit less inequality than the US, but much more mobility. Again, one can speculate that there are some connections to how progressive public policy is in these countries, but these are loose relationships; you can see the patterns but the precise factors remain fairly mysterious.

While people were expecting a poverty trap, there seems instead to be more stickiness at the other end: a 'wealth trap'.

There is also a distinction between absolute and relative mobility. What I have been referring to so far is *relative mobility*, which is the connection between one's position in the income distribution within one's own generation and what the parents' position was. So you could have a situation where your parents were at the 20th percentile and you're also at the 20th percentile, but because the whole income distribution shifted upward, your absolute material wellbeing may be way ahead of your parents'.

Level The Playing Field:
Some public policies are worth pursuing, but we need to be clear which

So far, the only clear-cut policy insight from this research is that we have less actual intergenerational mobility than we believed. One argument that is sometimes made is that we still have a fair society because everyone has the same opportunity to succeed — I think this is somewhat debunked by the better evidence on intergenerational mobility in the US. The playing field is clearly not altogether level. There is a clear difference in the average prospects for someone from a rich family versus someone from a poor family. The other argument that has been made is that even though the playing field is not level, it doesn't mean public policy can do much good.

The question is: what can we do to level the playing field more, not in the sense of worsening the opportunities of well-off people, but finding cost-effective things to do that are worth doing for children from disadvantaged families. We should be looking at particular public policies — and there has been interest in a wide range of possible things ranging from

improving nutrition for pregnant women and young children, to free school programmes and educational reforms, to more comprehensive healthcare and so on. Do these initiatives actually make a big difference in improving the opportunities of disadvantaged children? How large are the benefits relative to the cost of such programmes? While it would be difficult to make a hard-headed cost-benefit analysis of these programmes, I do think that is the next step. I feel like I'm in complete agreement with what I've been hearing from public officers and researchers in Singapore, which is that we need to go on to the practical questions of what policies might or might not be effective and worth pursuing.

It is remarkable that a society that's becoming so affluent is actually expressing so much concern about growing inequality. The impression I am getting is that there is more concern here in Singapore than I hear about in the United States. A very large part of the American identity is viewing the country as the land of opportunity — and it is in many ways. Certainly the United States is a country where immigrants have come to seek opportunity. But it is striking how much stratification there is within the country's own income distribution. More recently, results from researchers like me have been showing that actually there's statistically more intergenerational persistence in United States than in

some other rich countries. There is a sort of cognitive dissonance there.

The Power of Numbers:
Good policymaking demands good data
In US research on intergenerational mobility, the huge breakthrough was the creation during the 1960s of two long running longitudinal surveys — the Panel Study of Income Dynamics and the National Longitudinal Surveys of labour market experience — which for the first time gave us fairly accurate intergenerational income data for representative samples from the population. The work that I and other researchers have done would not have been possible without these surveys.

The point of empirical research in economics and elsewhere is to update our 'priors' — i.e. our beliefs and assumptions.

However, it takes a very long time to start a survey like that and then get an intergenerational perspective. The survey has to have been running for at least a quarter of a century to get you there. This highlights the potential power of administrative data — such as data from the tax system, or the pension system — which is being collected on an ongoing basis for programme reasons. In the US, Harvard's Raj Chetty and his team have been able

to get research access to tax data: their work will result in landmark studies that will make a big difference for understanding income mobility in the United States.

One thing I've been hearing from researchers in Singapore is concerns about access to data. Of course, there are valid concerns about protecting confidentiality, but there are potential gains to be made from responsible research use of such data, as long as a mechanism can be found to make this available to researchers in a way that does not compromise the rights of individuals. Access to such data is easier in Sweden, which is part of why I've sometimes collaborated with friends in Sweden and worked on Swedish data to look at intergenerational mobility and related issues. To some extent, I'm surprised at the ability researchers have to get data in Sweden that no one in the United States would ever be able to access in our own country, and there have been important research payoffs to doing this. In Singapore, there are probably opportunities to exploit administrative data to make a lot

of progress on understanding these issues better here.

I have tremendous respect for the potential power of statistical techniques and good data analysis for informing us about what policies work in what ways. In fact, progress on just more accurately describing intergenerational mobility, using better data and sensible statistical work with the data, can help improve our understanding of the societies we live in and let us learn more about how to improve them. My advisor in graduate school put it thus: the point of empirical research in economics and elsewhere is to update our 'priors' — i.e. our beliefs and assumptions. Sometimes research corroborates what you already believed, and it makes you more certain of it: that's also valuable. But in my own experience I often expect to find something when I start a research project but am stunned by the findings and have had to change my thinking.

This keeps us honest and in the end we understand better what's going on, thanks to the new evidence. That's how we learn.

Economic Development and Social Integration: Singapore's Evolving Social Compact

Is continuous meritocracy the key to balancing economic integration and social cohesion in a period of slowing growth?

BY

SOH TZE MIN

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The Singapore Story: Social Mobility and Opportunities for All

In a 2014 interview with the Gail Foster group, Deputy Prime Minister Tharman Shanmugaratnam pointed out that while many think of Singapore as an economic success, it is the "social integration of our citizens and our institutions that has fostered an unusual degree of social mobility in our first four decades and that defines Singapore's development story".[1] This compact between economic and social strategies[2] has been a remarkably consistent theme in the development of Singapore. In the first few decades after Independence, socially oriented policies — including the provision of public housing, education and healthcare — promoted social stability and built up a capable, productive workforce attractive to foreign investment. Early successes in fulfilling these public needs gave the Singapore Government a longer runway to develop long-term, rational economic strategies for growth. This association of economic development with social wellbeing would come to underlie the relationship and social contract between Singaporeans and their Government in the years to come. As the late Deputy Prime Minister Goh Keng Swee put it: "It is dangerous to execute an economic development plan which has reference only to economic variables, important though these are… The creation of wealth, which is what economic development is about, is basically a simple process. All it requires is the application of modern science and technology to production, whether in agriculture, mining or industry… What is more difficult to achieve is a social and political order that enables development to take place. Where a stable political system is achieved, progress can be spectacular…"[3]

Consistent with this social contract, public assistance was kept low to encourage self-reliance and effort; individuals would work hard to support themselves and their families to the best of their own efforts and abilities, while the Government would "provide all its citizens with the same opportunities to make the best that they can of their available talents, … skills and abilities to rise to the position for which they are best fitted".[4] Economic growth and the steady rise in affluence soon buoyed up Singaporeans, who enjoyed intergenerational mobility in incomes and educational attainment across the social spectrum.[5]

Those who have done well on merit through the Singapore system have an obligation to give back to the society that enabled them to succeed.

New Economic Strategy and A New Social Compact

In the 1990s and early 2000s, however, the Singapore Story began to take a turn, as the economy shifted to more knowledge-based activities, moving

up the value-chain in response to the challenges of globalisation, technological change and other pressures. Since workers in a less developed economy tend to start from a lower base, the returns from education and skills develop are easier to reap, as was the case in Singapore's early years. A more advanced, knowledge-based economy generates more value, but calls for higher order skills which yield greater productivity but are more difficult to acquire. Workers with these advanced skills, or who can call upon networks, abilities and resources that are not easily substitutable, are in great demand and can command much higher wages. Conversely, low-skilled workers in an open economy, whose efforts can be replaced by automation or cheaper labour, will see their wages depressed and may require more support beyond what they can readily achieve through their own efforts alone.

Policies continued "to ensure that every Singaporean has equal and maximum opportunity to advance himself, while providing a social safety net to prevent the minority who cannot cope, from falling through".[6] Measures were introduced to redistribute Singapore's budget surpluses back to Singaporeans to enhance their assets and to defray essential expenses[7] such as services and conservancy, and utility charges. Explaining new measures to support the needs of lower-income households in 2001, then-Prime Minister Goh Chok Tong argued that "… higher-income Singaporeans owe their success in part to the others who support our social compact. They must, therefore, be prepared to lend a helping hand to those among us who are not so well off. Only then can we remain a cohesive and stable society. It cannot be every man for himself. For a person to succeed, he needs a launch-pad from society. … In turn, lower-income Singaporeans must support the enterprise and efforts of those who have the ability. We must not resent those who create wealth, for themselves and for Singapore."[8]

This "paradox of active government support for self-reliance" requires Singaporeans to retain their personal drive and dignity as part of this compact.

Mr Goh's statements outlined a new dimension in Singapore's social compact, expanding its scope beyond the creation of fair opportunities for all Singaporeans to highlight a greater sense of collective responsibility. Those who have done well on merit through the Singapore system have an obligation to give back to the society that enabled them to succeed. This entails mitigating social inequality and helping those who are less able to progress.[9] In an iteration of the social compact of collective responsibility,

and mutual support, successful individuals would also be expected to contribute to society by helping their less fortunate counterparts through philanthropy, volunteerism and community service.

Active Government Support for Personal and Community Responsibility

While government efforts to temper inequality and sustain social mobility gained momentum in the mid-2000s, they continued to be premised on healthy economic growth, seen as the best way to create jobs, raise incomes and provide more resources with which to provide social support. As Deputy Prime Minister and then-Finance Minister Tharman Shanmugaratnam put it: "To be able to help the poor, we must first create wealth, grow our GDP and provide every incentive for Singaporeans to strive and work to improve their lives and that of their families."[10]

Mr Tharman also added that "The solution for Singapore cannot be to grow slowly in order to reduce inequality. If we do that, it will only hurt the people we are trying to help. Slow growth will make everybody worse off, but it will have the harshest impact on those at the bottom. Jobs will be lost and incomes will fall for those at the lower end of the workforce, while at the top end, those with the talent or entrepreneurial ability to

seize opportunities elsewhere will up and go. Slow growth will not assure us of a more equal society, as long as we live in a globalised world."[11]

Financial assistance for low-wage workers and vulnerable households was institutionalised with the introduction of ComCare in 2005, and Workfare in 2007. These programmes, along with the Silver Support Scheme to be implemented in 2016, present a significant shift from Singapore's traditional policy stance, in which financial assistance is positioned as short-term and temporary to avoid eroding personal drive and responsibility.

Efforts to redistribute wealth has also increased in recent years with adjustments to the tax rates of top income earners and the employers' contribution rates to the Central Provident Fund — Singapore's national retirement savings programme.

Even though the Government has expanded its responsibilities in social support and redistribution, the social compact between the Government and Singaporeans has in essence, remained unchanged where "there is active government support for personal responsibility, rather than active government support to take over personal responsibility or community responsibility".[12] This "paradox of active government support for self-reliance"[13] requires Singaporeans to retain their personal drive and dignity as part of this compact.

MOVING TOWARD A MORE PROGRESSIVE TAX REGIME

In Singapore, higher income households contribute to "the bulk of taxes" and lower-income households receive the "bulk of benefits"[1] (Figure 1). This approach has positive downstream effects on income growth and particularly benefits households in the bottom 20% by income. In the last decade, the real incomes of this bottom segment have grown faster than households in the top 20% (Figure 2).

To ensure that the tax system remains progressive and fair, the Singapore Government will increase the marginal tax for the top 5% of income earners in 2017.

Figure 1. Share of Taxes Paid and Transfers Received by Singaporean Households in 2014

(A) Share of Taxes Paid by Singaporean Households in 2014
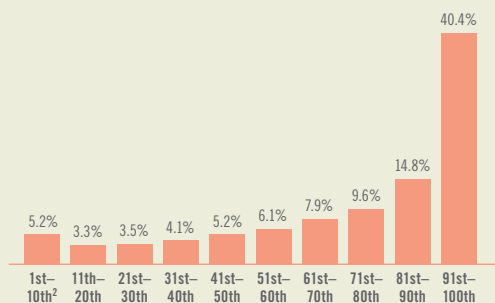
(B) Share of Transfers Received by Singaporean Households in 2014
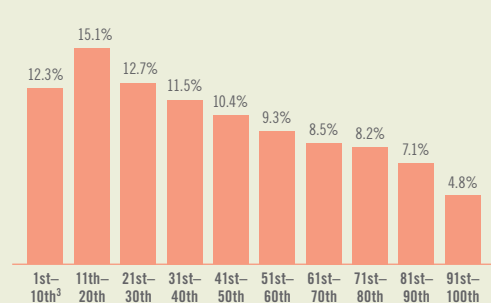
Source: Ministry of Finance estimates, from Ministry of Finance Occasional Paper, "Income Growth, Inequality and Mobility Trends in Singapore", Singapore: Ministry of Finance, August 2015

Figure 2: Cumulative Growth (%) of Real Average Monthly Household Income From Work Per Member by Quintiles (Among Citizen Employed Households) After Taxes and Transfers
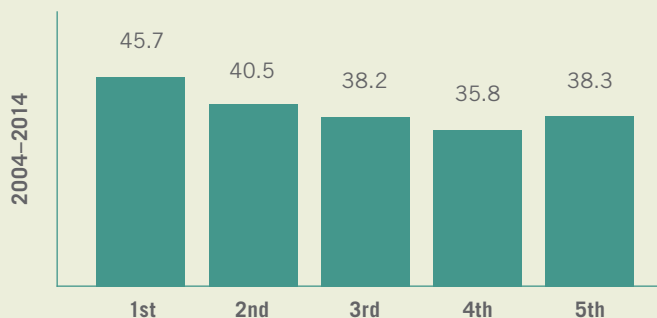
Source: Ministry of Finance estimates, from Ministry of Finance Occasional Paper, "Income Growth, Inequality and Mobility Trends in Singapore", Singapore: Ministry of Finance, August 2015

1. 2015 Budget Debate Roundup Speech by Deputy Prime Minister and then-Finance Minister Tharman Shanmugaratnam.

2. The first decile of households (by incomes per member) paid a higher proportion of taxes than the second decile. This arises because not all the households in the 1st decile are poor. This can be seen from the profile of the first decile households: 16% of them live in private properties, 13% in HDB 5-room and Executive flats, 14% own cars, and 10% employ a maid.

3. The first decile of households (by incomes per member) received a lower proportion of benefits than the second decile.This arises because not all the households in the 1st decile are poor. This can be seen from the profile of the first decile households: 16% of them live in private properties, 13% in HDB 5-room and Executive flats, 14% own cars, and 10% employ a maid.

Maximising Individuals' Opportunities Throughout Their Lives

While Singapore's meritocratic system rewards individuals fairly for their efforts, "it will not on its own sustain social mobility".[14] There are signs that social mobility for lower-income households is declining, and that there is an increased correlation between the education attainment[15] of parents and their children. This has raised concerns that the starting conditions could become a significant determinant of social mobility, that initial endowments of wealth, class, social networks and parental investment could override individual effort, drive or ability.

These concerns are not unfounded. A recent UK study on social mobility revealed that 35% of children born to parents of higher social class with higher educational attainment tend to obtain higher earning jobs, even though they might have lower academic ability compared to their counterparts from lesser advantaged backgrounds.[16] This is because wealthier parents can draw on their resources and networks to maximise skills and outcomes for their children.[17] Furthermore, studies have shown that the increase in social mobility and the returns to investment in skills tend to diminish over the long term.[18] Ironically, countries that are more meritocratic and mobile can be expected to experience a greater decline in mobility down the line.[19]

While notions of merit and how to determine the 'best person for the job' continue to evolve, there has also been a shift in policy emphasis towards a continuous meritocracy that evaluates people throughout their lives, not one where things are set based on academic performance at a young age.[20] Efforts to raise the overall quality of pre-school education learning support for vulnerable

AUGMENTING RETIREMENT SAVINGS FOR OLDER WORKERS

The Central Provident Fund (CPF) – Singapore's national retirement savings programme – has also seen policy changes towards more progressivity in the past decade.

Between 2003 and 2006, the Government lowered the CPF contribution rates of older workers aged 50 to 55 (who tend to receive higher seniority-based salaries) to ensure that they remain more employable, particular during economic downturn or restructuring.

From 2012 however, the emphasis on job protection was shifted to give older workers nearing retirement greater assurance that their CPF savings would be adequate. Their CPF savings were augmented through transfers as well as enhanced interest rates,[1] and their CPF contribution rates are to be restored to similar levels as their younger counterparts from 2016.

NOTE

1. To enhance retirement savings, the Government will implement a 1%-increase in interest rates on the first $60,000 of CPF balances for all CPF members; older members aged 55 and above will receive an additional Extra Interest of 1% on the first S$30,000 of their CPF balances from 1 January 2016.

children, along with policies to ameliorate the impact of entrance criteria[21,22] and key examinations have developed in tandem with initiatives (most notably SkillsFuture, announced in 2014) to build a stronger and broader foundation for life-long learning opportunities so that all Singaporeans can better themselves throughout their lives.[23] These and other new approaches should help to shift public cultural perceptions of ability and value that have a profound influence on how inclusive our economy and society is prepared to be, which in turn will impact social mobility.

The Future of Inclusive Growth and Social Mobility

In a column for the New York Times, Noble Prize-winning economist Joseph Stiglitz commended Singapore for "having prioritised social and economic equity while achieving very high rates of growth over the past 30 years".[24] Stiglitz argues that rent-seeking by the wealthy[25] has prevented wealth distribution and poverty alleviation from taking place in the US, resulting in inequality becoming entrenched. By contrast, he lauds Singapore for avoiding such pitfalls by actively pursuing a

balance between social and economic integration, and through its commitment to preserving social mobility without compromising incentives to excel. This balance, as reiterated by Mr Tharman Shanmugaratnam,[26] remains a key priority in Singapore's development:

It's impossible for our economy to have succeeded without effective social strategies — most importantly, enabling people to develop their potential through education, and housing policies that provided a sense of equity… But it's also impossible for us to have experienced the substantial and broad-based improvement in social well-being and life satisfaction without a vibrant economy — and the large increase in real incomes, across the whole span of the workforce…

Nevertheless, this balance will become increasingly more challenging to sustain, particularly in a small, open and maturing economy. Growth is expected to slow down even as social needs continue to expand, while tax burdens have to be kept low enough to keep Singapore globally competitive in order to continue to create jobs, lift incomes, and accrue the resources we will need.

It is fitting that, in this context, collective responsibility and mutual support have taken on a greater significance in Singapore's economic and social stance, but the success of this new dimension of Singapore's social compact will depend on cultural rather than technical factors. As social values change,[27] qualitative judgements of fairness and equality will become just as important as quantitative indicators of policy effectiveness in influencing the public's acceptance of public policies.[28]

Normative discourse on what Singapore defines as success, merit and fair reward will determine what trade-offs and policy options will be most effective in equalising opportunities and sustaining social mobility. In the long term, Singapore will need to embark on an iterative process of engagement and negotiation of these rapidly evolving markers and issues. There will not be any easy answers.

NOTES

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2. Tharman Shanmugaratnam, "Economic Society of Singapore SG50 Distinguished Lecture", August 14, 2015.

3. Goh Keng Swee, then Minister of Defence, speech at the Opening of the Seminar on Modernisation in Southeast Asia at the University of Singapore, January 17, 1971.

4. Goh Keng Swee, "Man and Economic Development," in *The Essays and Speeches of Goh Keng Swee: The Economics of Modernization*, Singapore: 2013, Marshall Cavendish International (Asia) Private Limited, pages 45-50.

5. Yip Chun Sing, "Intergenerational Income Mobility in Singapore," Singapore: Ministry of Finance, January 13, 2012 and Ministry of Finance Occasional Paper, "Income Growth, Inequality and Mobility Trends in Singapore," Singapore: Ministry of Finance, August 2015: 16–17.

6. Goh Chok Tong, National Day Rally 2001, speech at the University Cultural Centre, National University of Singapore, August 19, 2001.

7. Ibid.

8. Ibid.

9. Elaborating on this theme in 2013, Goh Chok Tong highlighted a more compassionate meritocracy where opportunities are accessible to "the whole of society and not just the brightest and most able" nor "those who are lucky in their backgrounds and genetic endowments". See: Goh Chok Tong, speech at the Raffles Homecoming 2013 Gryphon Award Dinner, July 27, 2013.

10. Tharman Shanmugaratnam, 2008 Budget Debate Round-Up Speech, February 27, 2008.

11. Tharman Shanmugaratnam, 2010 Budget Debate Round-Up Speech, March 4, 2010.

12. The Economic Society of Singapore SG50 Distinguished Lecture by Deputy Prime Minister and Finance Minister, Tharman Shanmugaratnam, August 14, 2015.

13. Tharman Shanmugaratnam, The 6th S Rajaratnam Lecture (Fairmont Ballroom, Raffles City Convention Centre, Singapore, December 2, 2013).

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17. Abigail McKnight, "Downward Mobility, Opportunity Hoarding And The 'Glass Floor'," UK Social Mobility and Child Poverty Commission Research Report, London: June 2015.

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19. Ibid.

20. Rachel Chang, "Meritocracy here should be continuous: Tharman," The Straits Times, September 6, 2012.

21. Vincent Chua, "The Network Imperative," in *Skills Strategies for an Inclusive Society: The Role of the State, the Enterprise and the Worker*, eds Johnny Sung and Catherine Ramos (Singapore: Institute of Adult Learning, 2014).

22. Forty places are reserved for students with no familial or alumni connections in each primary school. Children who gain priority admission into primary schools through the proximity criteria have to be residing at the residential address for at least 30 months before registration.

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25. Joseph E. Stiglitz, *The Price of Inequality: How Today's Divided Society Endangers Our Future* (New York: W.W. Norton & Company Ltd, 2013).

26. Tharman Shanmugaratnam, The Economic Society of Singapore SG50 Distinguished Lecture, August 14, 2015.

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28. Hoang Van Khanh Do and Sharon Tham, Survey Of "Fairness Perceptions In Singapore, Public Policy", Singapore: Civil Service College, 2014.

Ownership, Opportunity and Outcomes

The community sector can become more confident in working with others to solve collective problems — but it will take practice, patience and leadership.

LAURENCE LIEN

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This interview was conducted on 10 January 2014 by CSC Senior Researcher Soh Tze Min, CSC Researcher Cheryl Wu and ETHOS Editor-in-Chief Alvin Pang as part of ongoing research and development of social sector leadership.

On the Evolving Relationship between Government and the Non-Profit Sector

The Government has been talking about the community doing more for itself, but the response has been mixed. I once gave a talk at the National University of Singapore where I argued that we cannot rely on the Government to solve all our problems and that the community should just step forward and do more. When it was reported, public comments online were mostly negative. The arguments were familiar: One, that the Government caused all these problems, so they should solve it instead of passing the buck and two, that public officials are already paid a lot to solve these issues.

This shows how much work there is to be done to get us to the right equilibrium; how much distrust there can be of the Government's intentions. There is some perception that the Government wants to disavow its shortcomings, or to pass on the risk or burden of care. At the same time, civil society and the non-profit sector are also not adequately equipped to step up to the plate overnight, because there has been a long history of dependency on government support.

There are also questions around the relationship between the non-profit sector and the public sector in terms of the model of contracting, sub-contracting and so on. When the Government says

it wants the community to do more, what do we mean by that? What does co-creation mean in actual terms? Both sides have to be clear about the details and how to actually go about it. Are we really going to devolve responsibility, accountability and ownership to the non-profit sector and to citizens, or does "Many Helping Hands" mean that you only want others to lend their help and resources? On the ground, people do see it that way — that the Government just shows up and tells them what to do. This should not be the way forward.

If people actually have to work together on a common solution, they can start to learn to be responsible with power.

Having worked in the Government, we know the fear is what happens when you let go. People have different and sometimes narrow interests; they may not see the common good or the bigger issues. So quite often the Government is fixated on narrowing the risks. But if we don't start letting go and are always seeking to prevent the negative from happening, we will also not allow the good to happen, and the good could far outweigh the bad. The alternative would be continued dependency, which is unsustainable. It also breeds an entitlement mentality which the public sector already has a tough time dealing with. The public can already be very demanding of public service standards.

Taxpayers have a tendency to treat their government as vendors — there isn't a sense of co-ownership, which is what we want to nurture.

How can we break out of these habits? There has to be a slow process of genuine empowerment, and of gradually building up the capabilities of citizens and organisations in the non-profit sector. There also has to be experimentation, with both successes and failures along the way, as a way to gain confidence on what we can or cannot do. As citizens, we can derive satisfaction out of simply participating and being part of the solution rather than being on the sidelines.

A lot of the language coming out of the public sector has to do with "consulting" the public. Consultation doesn't have anything to do with empowerment because the decisions are still taken by the authorities. Indeed, you may feel less empowered after being asked what you want and realising you cannot do anything about it! Ironically, this could make people even more narrowly self-interested.

Right now all the relevant relationships are vertical and hierarchical; we need to build horizontally. Otherwise, people are not engaging one another nor seeing each other's issues and perspectives. They can only talk about their own priorities. I strongly feel that people can be taught to make decisions aligned with the common good and not just their own narrow interests.

If people actually have to work together on a common solution, they can start to learn to be responsible with power. They realise they need to sit down and work things out with others. This is how Management Corporations in private estates do it — by and large, there is a deliberative process to decide what to do within the estate, and they solve their own problems without having to complain to the authorities. But in HDB neighbourhoods, the town councils are seen as responsible for taking care of everything. I have been a big proponent of empowering grassroots organisations to make decisions on the ground — let them practise on smaller issues and progressively learn to tackle bigger ones. People have to build confidence through doing, not just through talking. Then they will also appreciate the work of the authorities more, when they realise it is not easy to negotiate diverse interests.

On Striking a Balance Between Government Intervention, Entrepreneurship and Philanthropy

What is the ideal role for government? To do as little as possible: if something can be done by the community or by the individual or their families and it is appropriate, devolve the work. The state comes in as the last resort. While best practices ought to be industry-driven, the state still has a role as regulator. It can maintain minimum standards and enforce the rules.

At this stage of our development, the Government still has a role in being an advocate and capacity builder, particularly in some sectors where the civic organisations are still weak and look to the Government for answers. You cannot simply withdraw all of a sudden, especially in a small country with few alternatives. Most of our non-profit institutions, apart from a tiny number in specific niches, are far from the situation in say the United States, where their counterparts can refuse to take a cent from the state because they value their independence. In Singapore, they have to work closely with the Government if they want to take care of people's welfare — because in the end, it is the Government with the policy levers and the substantial financial resources.

However big philanthropy can grow, it will not be on the scale that governments can muster, because governments can collect tax revenue. The total tax deductible donations to Institutions of Public Character in 2014 was only one-sixtieth of the total government budget in FY2014. State resources are still needed to fund many programmes, especially in areas where there is market failure and public interest that no one else is providing for. But the non-profit sector can be where innovation and experimentation take place. The diversity of models can reveal ways to solve different problems.

Current services are mostly geared towards lower income groups, but there are in fact many areas where solutions for the middle class are needed. For example, 90% of beds in nursing homes run by established volunteer welfare organisations

are for subsidised cases; only 10% of beds are for fee paying clients, and the queues can be very long. The social sector needs to provide much better services for growing societal needs across the entire range of stakeholders in the population, and we are not seeing enough of that.

People are not aware of where the potential is. Many social entrepreneurs develop products and services that don't really solve real problems either here or in surrounding countries. We don't need another app, cafe or gift shop. Instead, we need a broader strategic conversation, which involves not just the Ministries with the benefit of lots of research, data and perspective, but also the people who are going to be developing solutions. We need to mobilise entrepreneurs to take on issues and understand them deeply. Right now, many social entrepreneurs that I have met have hardly engaged their target beneficiaries. They build the product first before even understanding the problem and the people involved. Furthermore, it is not just about big challenges — there are so many small- and mid-sized problems that need to be solved. Indeed, many big changes often build on small innovations along the way.

Government agencies should look into a more outcome-driven model for funding. You determine the results you want, but don't prescribe the way to get there, as long as the outcomes are achieved at the end of the day. It is very rare for our agencies to do this. But you also need more enlightened firms and organisations on the supply side, because it is often easier to be funded based on very specific processes and outputs rather than outcomes, which may not always be entirely within one's control. As a training body, you can deliver a set of courses and measure the number of people who attend your courses, but how do you know if you have changed behaviours afterwards? It's risky if you are only going to get paid if people apply what they learn. But there may be some who can make such a model work, and that is in fact what you want.

What might co-creation look like as we develop? It would feature a government that readily shares data and research with the public — and not just data, but also sharing the issues and the responsibility for the issues, rather than being solely responsible for taking care of the problems. But now there is a tendency to be sensitive about data, even with statistics that are directly relevant to the organisations doing the work, for fear that it may make the public agency look bad. You have to treat civil society organisations as equal partners if you are co-creating. It has to cut both ways: the non-profit sector must also put what they have on the table and be transparent about their agenda and information. You also have to be a bit open to different ways of doing things, which may not be in the DNA of civil servants today. There may also be anxiety about consistency and fairness — that public agencies cannot

be seen to have a special relationship with just a few players.

There is sometimes a feeling that there's almost contempt for agencies on the ground, that they cannot see the big picture, and are not saying what the public sector does not already know. But people who work the ground think about national interests all the time, except they may have a different perspective and different ideas on what the best way forward might be. You have to give them credit.

On Leadership and Public Engagement

Leadership is still needed to convene people to face up to a problem and work at it. We often define a leader as being able to mobilise followers. If you know what a problem is, and know what the solution is, then people follow you for your expertise. But in many contexts, this is inadequate, because the problems we face in the social sector are what Dean Williams and Ronald Heifetz would call adaptive challenges, not technical ones. People are quite often part of the problem themselves, which means they also have to be part of the solution. So a leader needs to get people to realise how they are contributing to the issue, and how things have to change.

Instead of sweeping things under the rug, adaptive leadership means seeing opportunities to mobilise people to reflect and learn without seeking blame. It is also about weaning people from dependency on any one leader or authority who comes in and does everything for everyone. Nor

do you merely aggregate diverse views and then determine the final outcome. Instead, you allow people to engage one another so that, with more information and better awareness, their views can mature and develop. Leadership means having the confidence to allow some of the tensions to bubble up, rather than simply reduce the pressure and pretend everything is well. Such tensions can be important. Sometimes it is only under pressure that creative work can happen. But being so used to order and control, our authorities tend to step in at the slightest discomfort to draw the line.

People are quite often part of the problem themselves, which means they also have to be part of the solution. So a leader needs to get people to realise how they are contributing to the issue, and how things have to change.

There will always be unconstructive comments and brickbats — there are those who are looking for any excuse to pull you down and they are not going to go away. Right now, we are still unused to this state of affairs; we get so distracted by the noise that we cannot focus on what is really going on. But the best policy is to be thick-skinned and to concentrate on those who are willing to engage — to show that it is possible to work together productively.

New Strategic Capabilities and Partnership Paradigms for Singapore's Social Sector

Singapore's social compact can no longer rest on Government alone; cross-sector partnerships may better address increasingly complex social needs.

BY

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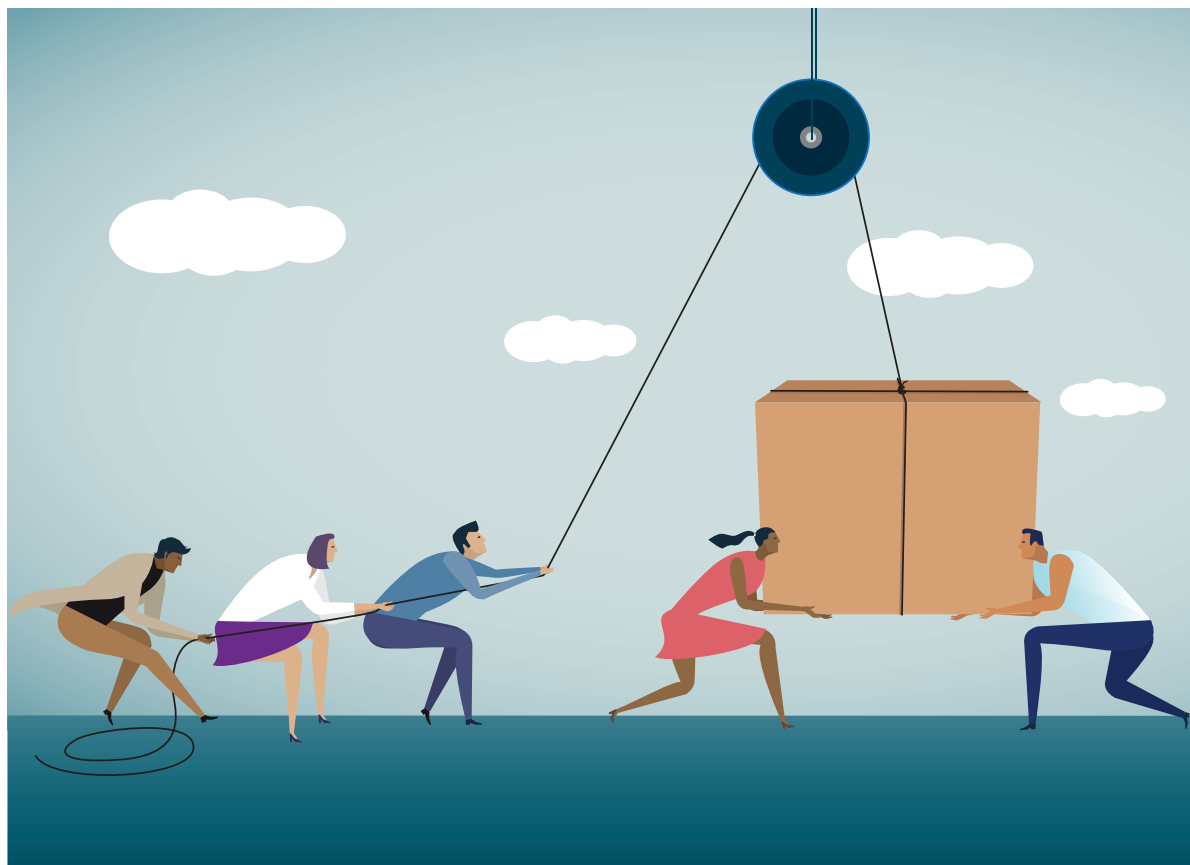
Global Trends, Domestic Pressures, Changing Needs

Singapore's economic success[1] has benefited its people with steady and significant improvement in real household income over decades. Poorer households have also been able to benefit from Singapore's economic success through active government intervention and investment. Those who are employable are given a suite of assistance in job search, skills training, housing and childcare to help improve their livelihoods through employment. They are further supported by volunteer welfare organisations (VWOs) that address a wide spectrum of needs unmet by social assistance schemes.

The Government is often the driver of social support programmes and assistance policies, and is the largest source of funds for the social services sector. Public officers design programmes and schemes that are devolved to the many helping hands for implementation. As the primary source of social sector funds, the Government sets performance targets or key performance indicators that welfare organisations are expected to meet to continue receiving funds.

This targeted approach of providing social assistance, with efficient segregation of roles between the Government and the social services sector, is known as the "Many Helping Hands" approach and has worked well in the context of an era where assistance needs were less complex.

However, it may be time to review and recalibrate Singapore's approach. Given the increasing volatility of the global economy, shorter employment cycles, technological displacement and wage depression, the bottom 20th percentile remains particularly vulnerable to prevailing economic trends. Evidence suggests that lower-middle income households in the 30th–50th percentile, numbering approximately 22,940, are also increasingly in need of help.[2] The profile and needs of the poor and needy have become increasingly complex, rendering traditional methods less effective in breaking the poverty cycle.

To be able to more effectively support Singapore's poor and vulnerable, ongoing and contextually relevant research regarding their specific needs and difficulties is essential.

Clearly, the nature of the partnership between public, social services and community sectors needs to evolve and move towards supporting self-reliance. New challenges increasingly affect vulnerable Singaporeans in not just one, but multiple inter-related aspects of their lives.

Resourcing the Social Sector with Strategic Capabilities

Leveraging Networks

If the public sector is no longer able to cater to increasingly diverse and complex needs on its own, then moving towards a model of greater partnership and collaboration with the social services and community sectors makes sense. The Government will have to rethink its traditional role as the dominant player in social service provision, to embrace a broader spectrum and scope of responsibilities. In addition to being a provider of assistance and services, and an architect of effective structures for services delivery, the Government should take on additional roles as a developer of capabilities, facilitator, convenor, enabler and partner.

Risk management capabilities will become increasingly relevant to social sector organisations, defined not so much by profit-based objectives as qualitative outcomes.

Part of the public sector's role as a facilitator should be to promote greater latitude for collaborations and partnerships, as other sectors assume a greater role in supporting the needy. The growing complexity and diversity of challenges faced by the poor and vulnerable is likely to

be a manifestation of an underlying web of needs — employment, housing, health, behavioural barriers — that are deeply embedded and intertwined. To address such interconnected needs, timely and effective interventions may best be achieved by leveraging on more horizontal *network structures*[3] that can facilitate access to information and feedback, help relevant players respond quickly to changes and needs,[4] and allow each sector to tap on the resources of the others.

Towards this end, the rotation of public service talent across sector boundaries could improve ground-sensing and develop sense-making capabilities, inform strategic planning[5] and support the design of more comprehensive solutions to complex social problems. Officers would also be better able to organise pragmatic paths of action that draw on aligned interests and shared resources across networks in support of social outcomes.

Promoting Social R&D

Until recent years, efforts to develop Singapore's research capabilities have been disproportionately skewed in favour of the hard sciences. Despite the heterogeneity within poor and vulnerable groups, and the complexity of challenges they face, there has been a dearth of research on social issues and matters related to social services in the Singaporean context. This has, in turn, resulted in an over-dependence

on studies from overseas. To be able to more effectively support Singapore's poor and vulnerable on their path to self-reliance, ongoing and contextually relevant research regarding their specific needs and difficulties is essential.

Stepping Up the Social Services Sector

Even as the public sector has to transform itself to better engage with Singapore's economic and social shifts, the social services sector must also restructure and renew itself. Given the new operating context of complex needs and scarce resources, the sector must move beyond simply acting as the many hands delivering services. It must step up to a more comprehensive partnership role, by harnessing its wealth of first-hand knowledge and ground understanding of their clients to co-create and co-produce better policies and programmes with the Government or public sector.

Strong Leaders, Capable Managers for the Social Sector

If the Government is to play a less dominant role in providing social services, then leadership in the social services sector becomes even more critical. Leaders will have to be highly competent in managing and growing their organisations, strategising for the future, and marshalling resources from within and across their sector to deliver better services to their beneficiaries despite scarce resources, competing demands and dynamic conditions.

Capable leadership will be called for in key areas of corporate governance — strategic planning, organisational design, change management,[6] negotiation, communication and public engagement — both within each individual welfare organisation, and across the social services sector as a whole. At the same time, core management capabilities will also be needed to translate strategy into the structures, processes and operations necessary to realise social objectives in a sustainable and effective manner.

Capable leadership will be called for in key areas of corporate governance — both within each individual welfare organisation, and across the social services sector as a whole.

Managing Risks in the Social Sector

To date, the Government has taken on the bulk of social risks by funding the provision of services in essential needs such as education, health and employment. As the social services sector is given more room to grow and assume greater responsibilities as a partner and co-producer, it will also be expected to take on a greater share of risks.

NEW PARTNERSHIP PARADIGMS: EXAMPLES FROM THE UK AND CANADA

Singapore is not alone in its bid to redefine partnership paradigms towards a stronger social sector. In response to a confluence of global and domestic pressure for reform, countries around the world have adopted a variety of new approaches in tackling social issues.

• The UK government introduced *Local Strategic Partnerships* (LSPs) to better meet needs within each UK locality; London's "The City Together"[1] and the "Poole Partnership"[2] of the town of Poole are examples. LSPs are non-executive entities governed by a board of representatives from the private and voluntary sectors, senior public sector officials and elected members from the community. This approach recognises that no single sector can adequately meet citizens' needs on its own. Through these cross-sector partnerships, service provision and strategy across a variety of policy areas (e.g. economic, social well-being and inclusion, labour market and community development)[3] can be coordinated and guided by a common set of key priorities within each local community.

• In Canada, the *Voluntary Sector Initiative* (VSI)[4] between the Canadian government and its voluntary sector has helped to strengthen cross-sector partnerships with the public sector, and focus on capacity-building in the voluntary sector. Jointly led by both the voluntary and public sector, Phase I of the initiative convened seven committees with equal numbers of representatives from both sectors to determine key priorities and strategic directions for the voluntary sector as a whole. Phase II of the VSI then saw both sectors working closely to implement recommended suggestions.

In this context, as with private sector companies, risk management capabilities will become increasingly relevant to social sector organisations.[7] Unlike the private sector, risk management in the social sector will be defined not so much by profit-based objectives as qualitative outcomes. These outcomes will include meeting the needs and enhancing the well-being of clients, or public accountability, which may directly impact its fundraising and resource pool. Nevertheless, risk management techniques will likely have a growing impact on the resourcing and management decisions that will contribute to effective VWOs.

- Canada's *Homeless Partnering Strategy*[5] (HPS) has also been lauded for its success in finding long-term solutions and assistance for the homeless through a community-based approach. Under this scheme, a Community Advisory Board comprising cross-sectoral stakeholders within the community is responsible for recommending projects to ease the housing needs of the homeless (e.g. transitional and supporting housing), while also provide supporting programmes (e.g. health and treatment, skills training etc.) designed to help these individuals out of homelessness permanently.

NOTES

1. City of London, "Local Strategic Partnership – The City Together", http://www.cityoflondon.gov.uk/about-the-city/working-with-and-for-others/community/local-strategic-partnership-the-city-together/Pages/default.aspx, accessed October 14, 2013.

2. Poole Partnership, "Poole Partnership", http://www.poolepartnership.info/, accessed October 21, 2013.

3. OECD LEED Programme Forum on Partnerships and Local Development. "Forum Partnerships 2006 United Kingdom (England) Local Strategic Partnerships (LSPs)," http://www.oecd.org/cfe/leed/37728868.pdf, accessed October 14, 2013.

4. Voluntary Sector Initiative, "Voluntary Sector Initiative," http://www.vsi-isbc.org/eng/index.cfm, accessed October 16, 2013.

5. Employment and Social Development Canada, "Homelessness Strategy," http://www.esdc.gc.ca/eng/communities/homelessness/index.shtml, accessed October 16, 2013.

Making the Most of Community Resources

While responsibilities for social provision have largely been borne by a vertical partnership between the public and social services sectors, there is much more that the community at large could do in supporting the social compact.

A community with high social capital may be better at leveraging its collective resources to solve problems and improve the welfare of its residents. Trust and reciprocity are central to the social ties that facilitate information flows, resources and expertise along formal and informal networks within a community. Social capital — including both resources and relations inherent within social networks at the individual and organisational level — could be harnessed in aid of social goals, by convening resources and expertise[8]

CROWDSOURCING FOR A GOOD CAUSE

In Singapore, a growing number of initiatives are harnessing the power of the Internet to gather community resources towards the common goal of supporting the needy.

For instance, Vertical Kampong (www.verticalkampong.org), launched in 2011 by the National Volunteer and Philanthropy Centre (NVPC), offers a platform for community engagement. It does so by drawing on community assets to address problems, strengthen social relationships and build social capital.

Based on the Assets-Based Community Development model that has met with success in countries such as the United States, Taiwan and Australia, Vertical Kampong brings together diverse skills and resources held by individuals within the community to benefit others in need. This promotes informal volunteerism, and encourages members of communities to offer help to one another in goodwill and friendship.

for collective action, or by enforcing accountability within social groups.[9] These behaviours are fundamental to constructive citizen engagement and co-ownership.[10]

Trust and reciprocity are central to the social ties that facilitate information flows, resources and expertise along formal and informal networks within a community.

With the increasingly multifaceted challenges faced by the poor and vulnerable, the community should constitute the third pillar of the national partnership supporting a renewed social compact in Singapore. In this regard, Laurence Lien, former CEO of the National Volunteer and Philanthropy Centre, has called for "bold experiments in community development" to help develop broader social capital towards collective causes[11] (Laurence Lien shares more on "Ownership, Opportunities and Outcome" — see page 35).

Technology and the Potential of Crowdsourcing
Technological advances have revolutionised information sharing and gathering. The widespread adoption of information technology now allows developed societies to harness the collective intellect and resources of their citizenry to improve policies and solve social problems. Several countries have successfully launched online crowdsourcing initiatives to collect ideas to meet a variety of needs.

These include UK-based initiatives to improve patient experiences with the National Health Service,[12] or to gather suggestions on how the government can reduce its spending.

As one of the most IT-savvy and best connected countries in the Asia-Pacific, Singapore is perfectly positioned to capitalise on the potential of crowdsourcing to support poor and vulnerable groups. With public sector support, new structures or processes can be put in place to enable such initiatives that build or strengthen the community's role in supporting its poor and vulnerable members.

Conclusion

Will Singapore succeed in redefining its partnership paradigms to better provide the resources to support its changing social compact? The toughest challenge in such an endeavour may lie in the difficulty of breaking away from existing modus operandi and old institutional pathways where the Government remains omnipresent in most areas.

As Singapore works towards more inclusive growth, its social assistance system is set to play an even greater role in helping translate economic growth into quality living for all Singaporeans. While Singapore continues to "adapt, adjust, restructure, and transform"[13] its economy to remain competitive, the nation's approach to the provision for social needs should similarly evolve. Stakeholders across all sectors must come together to develop new ways of thinking, interpreting and structuring the means by which common objectives may be achieved together.

NOTES

1. Per capita GDP rose from $2,832 in 1970 to $65,048 in 2012. Between 2000 and 2010, Singapore's average household income saw an increase from $4,988 to $7,214, with an average annual growth of 2.1% in real household income. Department of Statistics Singapore, Time Series on Per Capita GDP at Current Market Prices (Singapore: Department of Statistics Singapore, 2013), accessed November 4, 2013.

2. The Gini Coefficient grew by 10% from 0.444 in the year 2000 to 0.488 in 2012. In the past decade, the real income of individuals in the lowest 20th percentile reflected stagnating growth, and even middle-income Singaporeans in the 50th percentile saw a mere 1.3% increase in real income growth per annum. Calculated figures derived from the Key Household Characteristics and Household Income Trends 2011 and 2012, published by the Department of Statistics, and the Ministry of Manpower, Singapore Workforce, 2012 (Singapore: Ministry of Manpower, 2012), http://www.mom.gov.sg/Publications/mrsd_singapore_workforce_ 2012.pdf (accessed November 6, 2013).

3. See: Dorthe Pedersen and Jean Hartley, "The changing context of public leadership and management: Implications for roles and dynamics," *International Journal of Public Sector Management* 21 (2008): 327–339 and Rachid Zeffane, "The widening scope of inter-organizational networking: economic, sectoral and social dimensions," *Leadership & Organizational Development Journal* 16 (1995): 26–33.

4. Bill Ryan, "The signs are already here? Public management futures in Aotearoa/New Zealand," Institute of Policy Studies Working Paper 11/01, April 2011, accessed July 1, 2013, http://ips.ac.nz/publications/files/ad021d9ea0f.pdf.

5. Karl E. Weick, Kathleen M. Sutcliffe and David Obstfeld, "Organizing and the Process of Sensemaking," *Organization Science* 16 (2005): 409–421.

6. Thomas Packard, "Leadership and Performance in Human Services Organizations," in *The Handbook of Human Services Management*, ed. Rino J. Patti (California: SAGE Publications, 2009): 143–164.

7. Melanie L. Herman, et al., *Managing Risks in Nonprofit Organizations: A Comprehensive Guide* (New Jersey and Canada: John Wiley & Sons, 2004).

8. See Monica M. Whitham, "Community Connections: Social Capital and Community Success," *Sociological Forum* 27 (2012): 441–457.

9. Michael Hendryx, et al., "Access to Health Care and Community Social Capital," *Health Sciences Research* 37 (2002): 87–103

10. Stephanie Farquhar, Yvonne Michael and Noelle Wiggins, "Building Leadership and Social Capital to Create Change in 2 Urban Communities," *American Journal of Public Health* 95 (2005): 596–601.

11. "I suggest that we allow bold experiments in community development to build social capital and engaged communities. Developing empowered communities may be inefficient in the short run, but are highly efficient in the long run." –Laurence Lien, Singapore Parliament Reports. Ministry of Culture, Community and Youth Community of Supply: Fostering Engaged Communities. Session 1, 12th Parliament, Volume 90, Sitting 16, March 15, 2013, accessed July 1, 2013

12. "NHS Patient Feedback Challenge uses online crowdsourcing to collect ideas and support projects," Department of Health, May 15, 2012, https://www.gov.uk/government/news/nhs-patient-feedback-challenge-uses-online-crowdsourcing-to-collect-ideas-and-support-projects, accessed October 9, 2013.

13. Singapore Parliament Reports. Debate on President's Address (First Allotted Day). Session 1, 12th Parliament, Volume 88, Sitting 2, October 17, 2011.

Governance in an Age of Uncertainty

How should public policymaking and service delivery adapt to an era of greater uncertainty and complexity?

BY

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Singapore has enjoyed a secure nation, a vibrant economy, social stability, and all the opportunities that arose from good governance for many decades since independence. In the midst of this success, renewed efforts to look after the aged, the underprivileged, families, and other vulnerable groups in society are helping to build trust, encourage community spirit, and provide assurance that our people can live purposeful lives.

At the same time, there are signs that the challenges we face as a nation continue to grow in complexity. Social issues have come to be shaped not just by cultural differences, but also a clash of social values. Public officers are also finding that Singaporeans care not only about the substance of policies but how they are formed, and that they want services delivered not just efficiently but empathetically as well.

Technological developments have also contributed to uncertainty. The rise of social media has helped to galvanise opinion and mobilise people to causes in unpredictable ways. As peer-sharing platforms develop, the line between producers and consumers is blurring, challenging policy frameworks based on this distinction (think, for example, of how AirBnB and Uber have disrupted the hotel and taxi industries respectively). The nature of change is such that even as regulators find a way to keep pace with technological changes, they in turn generate uncertainty by shifting away from the status quo.

It is becoming clear that while our key principles of governance (including long-held values such as meritocracy and self-reliance) remain relevant, the ways in which they are applied through public policies and practices — as well as

how they are framed and communicated — must adapt to an environment of greater complexity and uncertainty. What should the public sector consider in making this transition?

Delivery of Policy and Services

Citizens form impressions of governments through their experience of public services. Today, much more is expected of service providers: as commercial technologies offer greater service personalisation and responsiveness to customers, citizens increasingly expect similar convenience from government services as well.

As the focus of public service delivery around the world shifts to user needs (instead of agency priorities), citizen-centred policy design and implementation have become watchwords. Where one size no longer fits most, the public sector is now pressed to tailor solutions for different citizen groups, while maintaining fairness and equity, within the constraints of finite or even shrinking resources. Public officers will need to develop the capacity and the right tools for sense-making, listening and empathising. They will need to acquire the wisdom to handle exceptions appropriately, while ensuring that customisation efforts remain sustainable for public coffers.

Systems that Can Operate in Uncertainty

In the tale of the blind men and the elephant, each blind man touches one part of the beast and, depending on what they touch, variously thinks the elephant is a pipe, rope or pillar. They only realise that it is an elephant when they take into account different perspectives to form a big picture.

The complexity of today's public issues and diverse needs means societies must harness different perspectives and experiences in order to address prevailing challenges. While good service design and implementation can enhance delivery, they can only go so far when different stakeholders have different or even conflicting interests. A new consensus about the roles of different stakeholders in government, business and community needs to be developed. Public sector systems must therefore be able to integrate different perspectives; they must also facilitate more collaboration among agencies, and embrace more diverse types of public sector leadership.

Roles and Relationships

Traditionally, the state has played the role of regulator and enforcer, providing security to communities, legal certainty to businesses, and crucial public services such as education and transport. In the 1980s, some states began to use market mechanisms to encourage efficient service delivery, for example, by corporatising agencies that provided water, power, and healthcare. In the first instance, the state's main leverage was *control*. In the second, it was *competition*.

Governing through control and competition works well when policies are straightforward, but often fall short when policy objectives are complex. For instance, a government could optimise efficiency by contracting private companies to deliver food to the vulnerable elderly in the quickest time at the lowest cost. While this would fill stomachs, it would not address other priorities in looking after the elderly, such as the need for social interaction.

Beyond control and competition, *collaboration* allows a government to not only make better sense of the perspectives of diverse stakeholders, but also to harness a society's many talents in order to create more public value than the state can deliver on its own. Collaboration also builds civic strength, teaching diverse people to work with each other using resources they already have, such as local knowledge, to achieve common goals. Collaboration also helps make a society more resilient, by diminishing reliance on one central node — the state — for security or social aid.

Jocelyne Bourgon, former Clerk of the Privy Council and Secretary to the Cabinet of Canada, has argued that governments need to achieve both public results (i.e. policy aims) and civic results (i.e. an enhanced capacity in society to contribute to public outcomes). Governments that concentrate on the first more than the second may find the citizenry becoming more cynical, dependent, and less resilient over time. To avoid

this, delivery of public value ought to be "co-produced" and "co-owned".[1]

While the currency of control is power, and that of competition is money, the currency of collaboration is relationships. "Co-ownership" means that the public sector must function more as a convenor and facilitator, not just as an enforcer of rules or principles which contracts with subordinate agents. In an increasingly diverse society, governments need to move towards enlarging common spaces, building consensus and making society ever more inclusive. Such spaces will allow people to understand different, even competing, perspectives. In so doing, they can help societies to manage intractable differences, and benefit from healthy debate and a diversity of ideas.

In a more politicised environment, clarity and commitment to the values of public service will help ensure the resilience of our institutions of governance.

Amidst these shifts, the Public Service must continue to be professional and uphold the rule of law without fear or favour. In a more politicised environment, clarity and commitment to the values of public service will help ensure the resilience of our institutions of governance.

Structure and Organisation
Diversity helps in grappling with uncertainty, but consistency and

coordination are necessary to ensure alignment with policy objectives. The public sector must strike an appropriate balance.

While the currency of control is power, and that of competition is money, the currency of collaboration is relationships.

First, at the national level, the Government has set up specialised statutory boards, each competent in their domain and focused on policy implementation in their respective realms, boosting efficiency. But this has also brought with it challenges. When each agency tries to optimise its own policy objectives (such as sustaining economic growth through immigration), it may hinder others (such as ensuring adequate transport infrastructure and affordable housing). What is optimal at the sub-systems level can lead to suboptimal outcomes at the systems level. This is most apparent in complex, cross-cutting challenges (e.g. climate change or population development), demonstrating the need for coordinating mechanisms across ministries and statutory boards.

Second, agencies have increasingly outsourced development and service delivery to private companies in order to achieve efficiency gains. However, outsourcing risks the erosion of certain professional capabilities, for example in engineering and project management, within the public sector as a whole. Savings in time and money may well come at the expense of institutional capacity in infrastructural development, management, and regulation.

Third, the government cannot outsource public accountability. Any

ADDRESSING CROSS-AGENCY ISSUES THROUGH NEW STRUCTURES

It can often be challenging to solve problems that cut across agency mandates, because of the vertical nature of reporting. Cross-domain issues can take a long time to address. This was one reason the Municipal Services Office (MSO) was established in 2014. It brings together 11 agencies to address cross-domain municipal issues. For example, certain agencies now take the lead on issues, such as public greenery and cleanliness. The MSO has also developed processes to help agencies handle public requests for footpaths, street lamps and other local infrastructure that cut across their boundaries.

BROADENING PUBLIC SECTOR LEADERSHIP

Within the Singapore Public Service, the Public Service Leadership Programme (PSLP) nurtures experts to become leaders in the economy, infrastructure and environment, social, security and central administration sectors. They complement generalists in the Administrative Service.

The Public Service will need to consider how it can build on these efforts in:
- Recruitment, e.g. headhunting mid-career professionals from the private sector.
- Capabilities development, e.g. nurturing the instinct to work across networks and experiment afresh as public entrepreneurs.
- Accommodating diversity in appraisal, e.g. mitigating human tendencies to rate highly those who are similar.

service or administrative lapses by private contractors commissioned to develop or deliver key public services will hurt its credibility — even if the relevant institutions have been corporatised, privatised or devolved from the Public Service.

Public Sector Leadership
While public sector leaders must continue to uphold the values of integrity, service, excellence and commitment to the long-term good of Singaporeans, the nature of their leadership should adapt to more complex needs.

Leadership teams should comprise individuals with a diverse set of qualities and skills who also possess key traits that will allow them to be effective in the face of uncertainty and complexity.

They should be:

i. **comfortable with ambiguity and tensions,** to grapple with the paradoxes that exist in complex challenges;

ii. **adept at communicating** with and engaging diverse stakeholders;

iii. **transformation-savvy,** and thus able to provide clarity, assurance, encouragement, and motivation to drive organisational change; and

iv. **capable of governing networks,** which involves balancing accountability, risk, and trust, and also building relationships through empathy and reciprocity.

Diverse teams of complexity-ready leaders will be needed at all levels, so that good, responsive decisions can be made quickly on the front-lines, without over-reliance on a thin layer of top decision-makers far up the chain of command.

Besides generalists, agencies will also need specialists and public entrepreneurs — those with the gumption to experiment with new ways of working, partner across sectors and step around hurdles. Singapore's Public Service will need to recruit more widely: from those who show academic promise early in life, to mid-career professionals and managers who bring diverse worldviews from their varied experiences.

The Public Service will need individuals with different ways of thinking. Cognitive diversity improves decision making because it offers a variety of approaches to viewing a complex problem. That is why some private companies and governments around the world are nurturing diversity. The Public Service Commission of Canada, for example, is committed to building a Public Service that reflects the diversity of that country; they believe this diversity is necessary for government to be strong, dynamic, innovative, and excellent.[2]

New Operating Assumptions

The best systems will only work if the people who operate them understand and agree with the reasons for changes. In order for change to take hold in any institution, its underlying culture — the principles by which it operates and the narratives by which it understands its own purpose — have to be addressed.

Governance Principles

While the principles by which Singapore is governed are regularly reviewed (most recently in 2004), they have proven remarkably robust as a set of values by which to steer the ship of state through a rapidly changing landscape over the past five decades.

Singapore's Principles of Governance are:

- "Leadership is Key" — providing long-term vision, doing what is right rather than what is popular, being pragmatic and eschewing corruption;

- "Reward for Work, Work for Reward" — encouraging self-reliance not welfare, and assigning people to jobs based on ability and performance;

- "A Stake for Everyone, Opportunities for All" — fostering a sense of belonging through emotional ties and community participation;

- "Anticipate Change, Stay Relevant" — organising government in better ways as well as building flexibility and adaptability in thinking.

Nevertheless, the ways in which these principles are applied in practice must keep up with changing circumstances. The effects of globalisation (and sharp disruptions such as the 2008–2009 global financial crisis), for example, have shown that individual effort and self-reliance alone might no longer be enough to ensure a decent living in a rapidly changing economic landscape. In 2015, Deputy Prime Minister Tharman Shanmugaratnam[3] pointed out:

No government can have a hands-off strategy, where people are left to fend for themselves. Neither should we have hand-outs all along the way, because that just takes the dignity out of people. Let's instead keep providing hand-ups, especially for those who start with less, helping them develop their strengths and have a real chance of doing well.

Policies in recent years to support more inclusive growth and sustain social mobility show that Singapore's governance approaches are adapting to a changing context. The Government should communicate these adaptations clearly and empathetically so that the citizenry can understand the intent behind these adaptations and make sense of the changing circumstances that undergird the need to adapt.

Guiding Narratives

The stories we tell ourselves can be powerful in shaping outcomes and forging both a shared sense of our past and a common vision of the future.

For decades, the prevailing narrative underlying the Singapore story was one of profound vulnerability: we were the "little red dot", bereft of natural resources and a hinterland after our ejection from Malaysia. Perhaps ironically, Singapore's success and stability over the past fifty years has rendered this narrative less resonant: through Our Singapore Conversation, Singaporeans have signalled their desire for a nation which emphasises opportunities, purpose, assurance, hope, community spirit, and trust.[4] Security did not feature prominently in our people's aspirations.

Yet in the near future, technological, economic and social change may cast real uncertainty on the good life Singaporeans have come to expect.[5] We need a new overarching narrative that encompasses vulnerability and aspiration, and is inclusive of the variety of perspectives that our people hold. It is worth noting that any narrative we espouse must be consistent with how Singaporeans experience public policy and service delivery in order to be credible.

Conclusion

Confronted with a future of increasing complexity and uncertainty, Singapore's public sector will need to strike a balance between harnessing diversity for effectiveness, and ensuring

consistency and efficiency. It will need a greater variety of leaders, who can help our institutions navigate change and uncertainty, at all levels. We must also adapt how key principles such as meritocracy and self-reliance are applied, and refine the narratives we adopt when crafting and communicating policies.

Diversity can help societies come to terms with and make sense of complex change. As a small, multicultural city-state, our strength lies in our nimbleness and adaptability; our resilience derives from side-stepping challenges, with the imaginative resources to find multiple solutions to whatever challenges may confront us in the age of uncertainty.

NOTES

1. Jocelyne Bourgon, "The New Synthesis: Preparing Government for the Challenges of the 21st Century", *Ethos*, Issue 10 (October 2011):14–20.

2. Public Service Commission of Canada, "Merit – Achieving Representativeness", March 2008, accessed September 3, 2015, http://www.psc-cfp.gc.ca/plcy-pltq/eead-eeed/rprt/rprs/mar-lmar-eng.htm.

3. Tharman Shanmugaratnam, Economic Society of Singapore SG50 Distinguished Lecture, August 14, 2015

4. *Reflections of Our Singapore Conversation* (Singapore: Our Singapore Conversation Secretariat, 2013): 4.

5. The class of the 9th Leaders in Administration Programme, a milestone programme for senior public sector leaders, developed a narrative based on "Hope, Heart, and Home", to which Emeritus Senior Minister Goh Chok Tong added a cautionary note that the narrative of "fear" was still necessary.

Embracing Complexity in Healthcare

In a complex environment where centralised planning has limited effectiveness, simple rules may allow the system to evolve organically towards shared goals.

BY

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Regarding Complexity

Complexity derives from the Latin *plexus*, meaning "interwoven". Most phenomena can be classified into multiple levels of complexity. *Simple* phenomena are usually straightforward, with predictable linear cause-and-effect relations, for example, the collisions of billiard balls on a pool table. *Complicated* phenomena involve numerous components and steps; much like a recipe for baking a cake, if all the ingredients are available and the given steps followed correctly in a controlled environment, the outcome is predictable and replicable.

Complex phenomena, however, consist of elements that are not entirely knowable *ex ante*, predictable or within our control — as such, there can be no 'cookbook' for managing them; they may be modelled or simulated, but they cannot be fully controlled. Complex tasks (such as parenting, where what works for one child may not be applicable to another) can only be approached through guiding principles and ongoing improvisation until they are complete.

Governments, economies, and even families are some human systems

we know intuitively as complex: they involve multiple entities with different roles, functions, agendas and decision-making processes, a diverse network of interactions, an evolving environment, and multiple concurrent activities. These characteristics lead to a common property of complex systems: unpredictability in the interactions and outcomes of the entities and the system as a whole. This is a case of the whole system being greater than the sum of its parts.

> " *Health care is the most difficult, chaotic and complex industry to manage today.* "
>
> *Peter Drucker, on hospital management,* Managing in the Next Society *(2002)*

Complexity in Healthcare

To state that healthcare is complex is ironically to oversimplify the issue. Healthcare is a spectrum, encompassing issues that range from the simple to the complex. A blocked artery in the heart can cause a heart attack — that is a straightforward cause-effect relationship, classifiable as *simple*. The procedure employed to unblock the blocked artery) is *complicated*, and should only be attempted by a trained specialist. The subsequent treatment of the patient through medication

and lifestyle changes at the very least borders on being *complex* (i.e., patients react and behave differently, and have differing attitudes towards health). At a systems-level, trying to plan and prepare for ageing-related health issues against a backdrop of a greying population is several orders of magnitude more complex than managing an individual patient. Across the entire system, there are simply too many factors that may influence the future (for example, new treatment modalities, shifting attitudes towards health and ageing, uptake and efficiency of preventive health services, emerging diseases, changing healthcare financing models, etc.), operating at multiple levels, for any mid- to long-term prediction and planning to hold perfectly true.

Such categorisations only take into account the service delivery aspects of healthcare. The level of complexity increases even further when we consider other aspects, such as the following:

- **Healthcare financing.** Economists have highlighted healthcare as a sector in which the free market approach does not work well, due to information asymmetry, adverse selection, entry barriers, monopolies, oligopolies and other market failures. In some cases, actions to correct for market imperfections may generate unforeseen effects from various agents in the system which could

HOW COMPLEX IS HEALTHCARE?

Complexity is embedded in many different levels of healthcare.
Practitioners have developed mechanisms to manage these challenges.

	Dimensions of Complexity	Management Mechanisms
Biological	Certain medications do not work the same for everyone. Individual differences in biology and lifestyle make prescribing appropriate medication both an art and a science.	To maintain certain medications at effective levels in the bloodstream, a patient has to undergo regular blood tests to calibrate the medication dosage and dosing regimen. The principle is to monitor as often as necessary and perform micro-adjustments as the situation requires.
Personal	Healthcare providers commonly referred to patients with multiple medical conditions requiring multiple treatment regimens as "complex patients". Any one or a combination of their multiple conditions could cause their health to deteriorate.	A medical team often has to prioritise a complex patient's numerous conditions. Frequently, several of the conditions have to be treated concurrently while monitoring the patient's response, while staying alert to any interactions between the diseases, as well as between the various treatments.
Community	Community health programmes require different healthcare providers, each with their own capabilities and priorities, to work together. Getting partner organisations to agree on mutual roles and collaborate effectively can be challenging.	Recognising that good results can only be achieved when all entities in the system work together, programme indicators must be designed to measure outcomes rather than processes. At the programme level, partners have to co-develop work processes and agree on measures of success. Funding mechanisms must also be re-aligned to fit more team-based work processes.
Ecological	Capacity planning for healthcare (including infrastructure and manpower) can be daunting. The training of medical professionals requires long lead times, while numerous factors, both known and unknown, can affect the accuracy of projections and predictions.	Healthcare systems are often "too big to fail", so parallel systems are developed to increase their robustness. Such systems provide fault tolerance. Different experiments can take place simultaneously to uncover new solutions. At the policy level, futures-thinking and scenario-planning are often used. While unlikely to be perfect, the *process* of planning is vital, not least by establishing a common understanding of the situation, its challenges, and shared goals for the future.

even end up working against the original intent of the intervention.

- **Behavioural dynamics in healthcare.** Poorly designed healthcare systems can generate perverse incentives for providers and lead to over-servicing of patients. Medical insurance can also lead to moral hazard and a tendency for patients to over-consume healthcare. "Affect heuristics" mean that patients may make less rational and highly unpredictable healthcare decisions (e.g. when receiving bad medical news).

- **Healthcare as a nested system.** Healthcare systems are interlinked with other equally complex systems in society. Personal values and culture, political rivalries and agendas, scientific developments, academic competition are often taken as orthogonal to each other, but in fact often contribute ripples and knock-on effects throughout society and its nested systems.

Why View Healthcare Through a Complexity Lens?

Planners have typically used a reductionist[1] approach to solve difficult problems. Such an approach is a useful way to deconstruct problems into smaller, more manageable components, but it has known limitations. It may provide the answer for certain problems, but

will not explain why a solution works in one situation but not in another. The use of such an approach to explain and simplify the current challenges facing healthcare is tempting but it is easy to forget that the manner in which entities work more often than not depends on the environment in which they operate. For instance, it is not enough to have the correct people come together to work on a planned solution — success calls for an understanding of *how* these people work together to find the correct solution. The quality of relations between entities in a system matters.

Acknowledging that healthcare is complex, along different dimensions, presents planners with new perspectives and opportunities. Healthcare practitioners, planners and leaders should understand that beyond technical skills and book knowledge, their competence in a complex world is a function of culture, which is in turn a function of relationships. This may be counter-intuitive for many institutions and policymakers accustomed to clear answers and concise bullet points. Humility is required to recognise that the success of an initiative is dependent not just on having the right solution, but also the right selection and mix of individuals in the programme. Creating the right entities and the right environment, rather than centrally planning solutions, is the more successful and liberating approach in the long term.

Healthcare as an industry has a substantial service component; the people providing the service are sometimes as important as the products themselves. The customer experience is heavily dependent on the interactions between consumers and service providers. A conventional linear solution to a hospital bed shortage might be to build more facilities and train more staff, but such an approach would be inadequate if it fails to take into account the relevant human interactions and relationships: it would solve a quantitative problem, but create a qualitative one.

Any shift to a complexity-based approach should be gradual; the capability and capacity for perceiving, understanding and addressing complex problems must be built up over time — for both the individual and the system. This will take time and effort, but is a necessary investment to cope with an increasingly complex healthcare landscape.

The Need for Change

On the other hand, planners who recognise that they are dealing with problems of a complex nature may find that this new approach frees them to be more open to experimentation and innovation. Old models may need to be dismantled before new systems can take their place. Governments that have traditionally taken on a strong centralised approach to healthcare planning may have to acknowledge the limitations of this approach and

re-examine their roles in a more complex operating environment. This does not mean discarding all strategic planning processes. Instead, it means retaining and strengthening certain key functions (the broad parameters of planning, for instance), while spinning off or even creating new entities catering to the more localised planning that complex systems often require.

Planners should aim to lead by setting "rules of the game" and then monitoring (instead of micromanaging), while different agents co-develop the landscape and co-evolve with time.

In the new era, the public will become increasingly responsible for co-creating the healthcare landscape they want or believe in. This also means that citizens will have to rethink their own roles in healthcare consumption, advocacy, philanthropy and sector development.

Such a fundamental shift will generate systemic tensions, which can be mitigated and managed if the necessary changes in both government and citizenry take place at a similar pace.

Policy Planning: A New Approach

The policy planning role needs to shift from prediction and control to fostering relations and creating enabling conditions for teamwork and success. When planners have successfully incorporated

Many complex healthcare issues have no obvious solutions or clear-cut right or wrong answers. The choice to be made is often between two imperfect sets of solutions, each with its own strengths and limitations. How might we approach them?

Organisational scale: A hospital newly tasked with caring for its surrounding community may initiate open dialogue with community partners to seek new ideas or new models of care. In such a context, the *soft systems methodology* — where stakeholders are asked to put aside their organisational personae, and think about action in an idealised realm — may help. It allows the individuals a safe zone where they can step away from the messiness of immediate issues, and look at the whole system from fresh perspectives. This can also help all stakeholders to generate idealised models towards a shared vision, and illustrate the tensions between ideal and reality. While different stakeholder perspectives and priorities will not have gone away, there is now greater collective awareness of legitimate differences, and the process of seeking accommodation (distinct from consensus) can take place. If done well, the process can help to build trust within the group, and bolster its ability to deal with challenges in the future.

Governmental scale: To understand end-of-life issues and design a comprehensive strategy to manage them, a government

It is not enough to have the correct people come together to work on a planned solution — success calls for an understanding of how these people work together to find the correct solution. The quality of relations between entities in a system matters.

a complexity-based approach to their work, the next skill they will have to learn is to govern through a few simple "rules of the game".[2]

If planners get caught up trying to manage complex systems with increasingly complicated policy structures, they will lose the agility and light-touch that is inherently necessary to shape such systems. Instead, planners should aim to lead by setting "rules of the game" and then monitoring (instead of micromanaging), while different agents

must first accept that science is poorly equipped to tackle certain social challenges. In a pluralistic society, any answer that attempts to shoehorn end-of-life issues into a single neat package is bound to fail. Instead, *appreciative inquiry* can be useful, particularly in seeking to build understanding instead of trying to find solutions. The focus of the inquiry is not on the problem, but on the possibilities, opportunities and strengths of current stakeholders. If done well, this approach creates a context for deep dialogue and reflection that can expand the boundaries of our knowledge and imagination. Perhaps the hardest part of this transformative approach is letting go of the habit of seeking exclusively to solve problems.

National scale: Falling birth rates is a multi-faceted and highly complex issue. Nations dealing with this problem may decide to reframe the narrative of family and child-rearing. *Transition management* offers a framework for managing these large-scale ecological changes, by allowing the vision to take shape on a blank canvas, in an arena with multiple stakeholders. Often, the vision is not fixed in details, but encompasses a broad view of possible futures, and the final outcome is left to broader stakeholder engagement and co-creation processes. The process of transition management has been likened to being more akin to "midwifery" than "engineering".

Source: Philippe Vandenbroeck, Working with Wicked Problems (Brussels, Belgium: King Baudouin Foundation, 2012)

co-develop the landscape and co-evolve with time: an indicator of maturity and resilience in the ecosystem.[3]

This complexity-based approach also reframes policy planning and managerial activities to emphasise sense-making, learning and improvisation, while letting healthcare providers take on decisions about care — decisions that should be undertaken by people who understand the need for care. Governments and planners can wield substantial influence through their policy interventions, but they should also encourage people to voluntarily coordinate their actions for a common good.

When governments with a strong tradition of central planning adopt a complexity-based approach for healthcare sector planning, the experience can be both liberating and nerve-wracking for the planners and the system as a whole — as it is with any voluntary surrender of control.

Obliging planners to assume responsibility for the health of the

entire system can crowd out important stakeholders and may marginalise partner organisations vital to the healthy functioning of the system. But where planners relinquish a certain level of control, new voices may speak up more comfortably, allowing partners and stakeholders to develop new capabilities and emergent solutions to take shape.

Planners can then take on new roles as enablers, gradually transferring more granular planning, operations and control to partner organisations. Such a transition will not be simple or quick; it may also be fraught with issues of trust and bouts of disappointment. Learning, growth and development, both at the personal and organisational level, often starts in such a place of discomfort — where evolution begins and energy is created. The worse alternative is not to evolve at all.

NOTES

1. Reductionism is the idea that a system can be understood by examining its individual parts.

2. Complexity science tells us that simple rules can lead to intricate, unpredictable yet effective patterns of collective behaviour. Examples in nature abound: the mass migration of locust swarms, the evasive manoeuvres of a school of fish when attacked, and how a colony of ants functions as a super-organism. Scientists have commented that nature is frugal: of the possible rules that could be used to govern interactions among agents, often only the simplest are in effect, e.g. (1) move in the same direction as your neighbour, (2) remain close to your neighbours, and (3) avoid collisions with your neighbours.

3. One example is the way in which the Institute of Medicine exercised its influence over the complex US healthcare landscape. Informed by complexity science, it was able in 2001 to focus the entire healthcare sector on "Six Aims for Improvement": to be Safe, Effective, Patient-centred, Timely, Efficient and Equitable. This approach was much more effective compared to if the Institute had micromanaged improvements for each individual entity in the system. See: Institute of Medicine, "Crossing the Quality Chasm: A New Health System for the 21st Century" (Washington, D.C.: National Academy Press, 2001).

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Simulations, Exercises and Games in the Civil Service

The former Head of Civil Service makes a case for policy gaming as a means to anchor learning, reduce surprise and surface diverse perspectives.

BY

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Introduction

In an early scene in the 2009 movie version of Star Trek, the future Captain James Kirk is a cadet in the Starfleet Academy. Spock accuses him of cheating in a simulation exercise called *Kobayashi Maru*. Kirk argues that the cheating is justified because the simulation has been designed to be unbeatable. Spock counters that Kirk had failed to understand the purpose of the exercise. When Kirk asks him to explain, Spock says:

The purpose is to experience fear. Fear in the face of certain death. To accept that fear and maintain command of one's self and one's crew. That is a quality expected in every Starfleet captain.

Explicit and Tacit Knowledge

While we might smirk a little, we should not overlook an important insight in this slightly overwrought script. Much of what we learn is knowledge that is formalised and codified. This is explicit knowledge. It is written in books, and we can also find it in notes and databases. In school and at university, explicit knowledge is transmitted in the classroom through textbooks and lectures, and even through self-learning or online courses.

Then there is tacit knowledge, knowledge that is embedded in complex systems and situations, in which roles, technologies, emotions, and behaviours interact in dynamic and unpredictable ways that are almost impossible to codify.

Tacit knowledge has to be acquired in other ways. Such knowledge is often transmitted in the form of stories or narratives. The Iliad and the Odyssey, the Romance of the Three Kingdoms, and the Ramayana and Mahabharata, whose origins go back thousands of years, are examples of how narratives transmit tacit knowledge. Fiction and novels express complex experiences and insights in ways that non-fiction cannot. This is reason enough to read widely.

Often, tacit knowledge is acquired on-the-job, through lived reality and experience — what some would call "learning by doing".

Sometimes, however, we do not have the luxury of time, either to read novels or to allow tacit knowledge to accumulate over time. In such cases, we need ways to jumpstart the process of acquiring tacit knowledge. Under these circumstances, tacit knowledge can be developed through simulations, exercises and games.

But such activities do more than just increase tacit knowledge. Like their richer cousin — real-life experience — they can expose us to emotions and senses that we cannot fully grasp just by sitting through a lecture. We may understand fear, but only in an intellectual way. To teach the Starfleet cadets how to manage fear, the imaginary *Kobayashi Maru* creates fear by simulating the complexities

of emotion and stress that exist in combat situations.

Pattern Recognition

In a famous study, Dr Gary Klein, an American psychologist, examined how firemen make decisions in complex and stressful situations. In his seminal book *Sources of Power*,[1] he showed that firemen do not fight fires by working through a logical decision-tree from their fire-fighting manual. Instead, they apply the first pattern in their experience that most resembles their current situation to fight the fire raging in front of them. Klein's surprising conclusion was that in situations of stress or incomplete information, people do not necessarily make decisions in a logical way. Instead, they draw on a repository of heuristics and patterns, acquired through experience and training, and then embedded in memory, to make their decisions. Klein's findings led the US military to change the way it trains its officers.

As more patterns are embedded in memory, the ability to make sound decisions when dealing with complex situations is strengthened.

This is a big reason why simulations, exercises and games are so important. Not only do they impart some of the hidden complexities that make up tacit knowledge, but they also embed patterns in the memory of participants, which can be recalled later for making decisions in real-life situations. This is pattern recognition. The value of pattern recognition is that it triggers responses to a problem — as Gary Klein discovered in firemen.

There are many other examples. During the first Apollo moon landing, astronaut Neil Armstrong noticed that, under control of its onboard computer, the Lunar Module was heading towards a landing area covered by boulders. He then took over manual control of the Lunar Module in order to find a safer spot to land. This would take more time, and Mission Control was concerned that the Lunar Module would run low on fuel. But because of Armstrong's intense training, he had experienced several simulated moon landings with less than fifteen seconds of fuel left, and he was also confident the Lunar Module could survive a plunge from fifteen meters if it ran out of fuel. Indeed, a post-mortem after the Apollo 11 mission showed Armstrong's judgement to be sound, because it turned out that at touchdown there was about 45 to 50 seconds of propellant burn time left. This is an example of how simulations can strengthen pattern recognition, as well as the concomitant ability to respond to such patterns as they emerge in complex situations.

There is, unfortunately, no short cut to building up such a repository of

patterns. Merely learning the theory of fire-fighting is of no help, just as reading a manual on how to land on the moon would not have informed Neil Armstrong's decision to override the computer control of the Lunar Module. It is only by taking part in many simulations, exercises and games — and through real-life experience — that the fireman or the astronaut grows his library of patterns. As more patterns are embedded in memory, the ability to make sound decisions when fighting real fires, landing on the moon or dealing with other complex situations is strengthened.

Exercise Red Flag

In the early days of the Vietnam War, the US Air Force (USAF) realised that it was losing too many aircraft to enemy action. A study showed that a pilot's chances of survival in combat improved dramatically after ten combat missions. So in 1975, the USAF established Exercise *Red Flag* to simulate these ten combat missions, before its aircrews were sent into real combat. The aim was to increase their chances of survival when they were eventually deployed into combat theatres. The US Pacific Air Forces created a similar programme called Exercise *Cope Thunder*, sited in Clark Air Base in the Philippines. Our RSAF pilots and crews have participated in both *Red Flag* and *Cope Thunder* for

many years. All will testify to the intensity and the realistic training that these two exercises provide, and how these exercises have improved their professional confidence.

What do *Red Flag* and *Cope Thunder* do that cannot otherwise be taught in normal flying training? While they cannot really teach fear, unlike Star Trek's *Kobayashi Maru*, they do have a common purpose of imparting tacit knowledge through the intense experience of flying in near combat conditions. Pilots and crews learn experientially to pick up cues — physical, visual and emotional — and to acquire judgements of combat situations that cannot adequately be taught in the classroom. Equally important, like Gary Klein's firemen or like Neil Armstrong, they acquire patterns of complex situations that could prove invaluable when in actual combat, in which life-or-death decisions have to be made in a split-second, and when there is no time to reflect or analyse.

Because commanders, soldiers, sailors and airmen cannot wait to go to war to acquire tacit knowledge or to build a repository of patterns, the military have used simulations, exercises and wargames as a proven and effective substitute for the real thing. So even in the richly imagined world of Star Trek, there is a place for simulation exercises like *Kobayashi Maru*.

Bounded Rationality

For a whole variety of reasons, hierarchy is crucial to the effective running of military organisations. A hierarchy is optimised for the leader at the top to receive all the information, and then to make the decisions. But under stress, such as in war or conflict, a military hierarchy can become unresponsive — even dangerously dysfunctional — because there are decision-making bottlenecks at the top. Events move too fast for the general or admiral to call all the shots. He risks having all his cognitive synapses saturated, or he lacks sufficient bandwidth to comprehend the full scope of the problem, or he lacks the tacit knowledge to cope with the complexity of the situation. Nobel laureate and economist Herbert Simon called this cognitive problem *bounded rationality*.

Bounded rationality's basic insight is that the decision-maker has a limited cognitive ability to access and process information. Combined with the finite time available to make a decision, a decision-maker cannot possibly make a rational and optimal choice. Instead, he will have to choose a course of action that is somewhat acceptable, but not optimal. Knowing how to cope with bounded rationality is an important component of the tacit knowledge of military leaders.

The military has learnt through bitter — and sometimes even fatal — experience that for its commanders, soldiers, sailors and airmen to function effectively in combat, they must learn to overcome cognitive limitations such as bounded rationality, in order to cope with the chaos and complexities inherent in war and conflict. These are some of the important reasons why a large part of military training takes place outside the classroom, through simulations, exercises and wargames that increase tacit knowledge and facilitate the learning of patterns.

Discovery and Games

Nobel laureate, economist and strategic thinker Thomas Schelling once said, "One thing a person cannot do, no matter how rigorous his analysis, or heroic his imagination, is to draw up a list of things that would never occur to him."

In any complex operating environment, the connections and interactions among the myriad of agents interacting with one another are often hidden from view. These hidden interactions lead to outcomes that only become apparent when they actually occur. So when something happens, we are surprised. Simulations, exercise and games can sometimes be used to explore complex and subtle issues, in order to discover hidden concepts and buried factors, or to reveal connections and interactions that a conventional analysis would not be able to do. This can reduce surprise and improve readiness.

DARK WINTER

Exercise *Dark Winter* was a famous American simulation exercise held in 2001.[1] Many senior officials and politicians participated in *Dark Winter*. The scenario centred on the development and use of a biological weapon — smallpox — by terrorists. Three shopping malls in the USA were targeted. *Dark Winter* aimed to evaluate the adequacy of measures and responses of the US government after a biological attack. It discovered major systemic weaknesses, such as hospitals being unable to cope with a sudden surge in demand for beds and handling of casualties. The exercise also demonstrated that the supply of smallpox vaccine in the US was grossly inadequate. Without *Dark Winter,* some of these findings would have been met with incredulity among decision-makers who would otherwise have demanded convincing analysis and hard evidence.

NOTE

1.   http://www.upmchealthsecurity.org/our-work/events/2001_dark-winter/about.html

Online Games and Cognitive Diversity

Other forms of online games have taken cognitive diversity to even higher levels. The US Army has used Massively Multiplayer Online Games (MMOGs) involving thousands of players from all over the world to develop new tactical concepts. The US Navy's version, called Massively Multiplayer Online War Game Leveraging the Internet (MMOWGLI) created new tactics to combat Somali pirates. In opening up MMOWGLI to the whole world — and perhaps a few Somali pirates might even have played — many more alternatives were generated, resulting in a richer outcome, leading to more robust tactical solutions. The US Navy has since used MMOWGLI to tackle wicked problems like energy.

Simulations, Exercises and Games in Government

Simulations, exercises and games have proven their value to the military and national security agencies. However, they are just as important for the proper functioning of government as a whole, where a lot of knowledge is actually tacit rather than explicit. Since governments operate in a complex environment, many decisions will have to be made under conditions of incomplete information

and uncertain outcomes. No amount of analysis and forward planning will eliminate the uncertainty that exists in a complex world. Government decision-makers are as susceptible to the challenges of bounded rationality as are military leaders.

Simulations, exercises and games can sometimes lead to unpredictable learning outcomes, and this is anathema in bureaucratic organisations that value structure and measurable performance.

In contrast to the military, governments have generally not exploited simulations, exercises and games as a pedagogical approach to train their leaders and civil servants. In fact, this approach is largely underutilised and often overlooked for its value in helping civil servants in general, and policy-planners and decision-makers in particular, to better cope with the complexities inherent in their operating environment. Perhaps it is because such simulations, exercises and games can sometimes lead to unpredictable learning outcomes, and this is anathema in bureaucratic organisations that value structure and measurable performance. But this is reason enough for governments to take them seriously, because they can help civil servants to unlearn a piece of bureaucratic theology: that good analysis and thorough planning will always lead to predictable outcomes.

While it clearly has tremendous value in helping civil servants cope with wicked problems and complex strategic issues, policy gaming should not be treated as an occasional but entertaining diversion. It should be established as a part of routine training. This is the way to systematically embed patterns, and reinforce tacit knowledge. Singapore's Air Force may only take part in *Red Flag* and *Cope Thunder* once in a while, but on a daily basis its pilots, aircrew and controllers take part in simulation exercises and wargames to hone their fighting skills.

In a similar way, civil servants who routinely work in complex environments, such as media officers and diplomats in the Foreign Service, should regularly take part in policy games.

One reason why *Red Flag* and *Cope Thunder* are so effective is that they are both two-sided exercises that include an Opposing Force (OPFOR). The OPFOR fly aircraft that are different from those used by exercise participants. They use the tactics and procedures of the enemy, which used to be the Soviet Union in the old days. This reinforces the learning value of the exercises, because the OPFOR teaches the participants a vital but subtle lesson that the enemy does not necessarily think and act like them.

In this regard, we should recognise that one shortcoming of the way our policy games are played is that the participants come mostly from similar

civil service backgrounds. This can lead to groupthink, predictable reactions, and to old patterns being merely repeated. Policy gaming just among civil servants will not help them see that other people might react in completely different ways to a given situation. The learning value is diminished.

To circumvent this problem, cognitive diversity should be a factor in the design of policy games. Certain policy games should engage participants from outside the civil service. The National Security Coordination Secretariat's games, for example, have included academics. *Wikisense* was designed for wide and

POLICY GAMING INITIATIVES IN THE SINGAPORE CIVIL SERVICE

Simulations, exercises and games are known as "policy games" in the Singapore Civil Service, to distinguish them from the wargames used by the military. Several have been deployed to help improve the quality of planning and decision-making.

CSC Applied Simulation Training (CAST)
Established in the Civil Service College (CSC), CAST has built up some capabilities in policy gaming, to support CSC's training and milestone programmes.

Villa La Rose Policy Game
Based loosely on real-life events that followed the decision to build a Mass Rapid Transit station at the entrance to the Maplewoods condominium, this policy game gets participants to play the roles of different stakeholders, each with different motivations and interests in relation to the building of a drilling shaft outside the condominium 'Villa La Rose'.

The game, which has been run over 30 times in various public sector courses, explores dynamics among diverse stakeholders, how they make decisions, their assumptions and behaviours, as well as the role and the value of public engagement. While the game can never fully capture all the nuances of real life, participants come to appreciate the complexity of such public issues, with lessons that fall clearly in the realm of tacit knowledge and pattern recognition.

Cents and Sensibilities
A game designed for participants to explore the principles of procurement, financial prudence, and public accountability, Cents and Sensibilities has been run at several CSC milestone programmes and the Public Service Training Institutes Network. One reason why the game has done well is that it engages the participants on a dry topic, but in an engaging and fun manner.

National Security Coordination Secretariat

The National Security Coordination Secretariat's foray into policy gaming has paralleled CSC's. In 2012 and 2013, NSCS organised two games centred on wicked problems in national security, each involving about 40 policymakers and subject matter experts from various ministries and agencies over a three-day period outside a conventional classroom setting.

Project Wikisense

An online crowd-sourcing simulation game, Project Wikisense involved about 170 participants from government agencies, academia, and from international think tanks. Over 21 days, participants generated and analysed scenarios on the Internet on the topic of "Eurasian Resources and Economic Trajectories". Wikisense demonstrated that an online platform could bring together a large and diverse group of participants, scattered over continents and living in different time zones, into a systematic and directed discussion on a challenging topic. At the end of 21 days, a rich collection of 136 scenarios had been developed.

Online Policy Gaming

NSCS intends to develop an online policy gaming platform as part of the Risk Assessment and Horizon Scanning (RAHS) system, which should enable online games to be conducted more frequently and routinely.

international participation. People from different backgrounds and views will help to create more and different patterns that can only improve the learning value of such games.

Conclusion

The Singapore Civil Service should move to systematically design and run policy games for civil servants at all levels, including in their milestone programmes. The use of policy games for planning, policy design, futures work, public engagement, and service delivery, should be explored. Policy games must become integral to the proper running and organisation of the Civil Service in Singapore.

NOTE

1. Gary Klein, *Sources of Power: How People Make Decisions* (Cambridge, MA: MIT Press, 1999).

Gearing the Public Service for SG100

Singapore's Head of Civil Service charts new directions for the public sector as the nation looks forward to its next decades of growth.

BY

PETER ONG

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Today, public officers across the world operate in much more hyper-connected environments, where issues are multi-dimensional and technologies are changing our lives in profound ways — Facebook, the world's most popular media owner, creates only a fraction of the content on its platform; Uber, the world's largest transportation network company, owns no taxis; Alibaba, one of the largest retailers, has no inventory. Innovative models of businesses emerge as supply chains get disrupted.

For public officers in Singapore, certain realities remain unchanged — as a small and open economy, we contend with external economic forces and geo-political uncertainties. We will need to navigate structural changes in our domestic context as our society ages and becomes more diverse and affluent. As we enter a more mature phase of economic development, we need to continue producing good jobs to meet our people's aspirations even as we ensure Singapore's relevance in the world.

Challenges are also opportunities. Our vision of a Smart Nation will improve our quality of life by leveraging technology. In the past five years, we have also embarked on a Public Sector Transformation movement to design citizen-centric policies and services, serve as One Public Service, and build partnerships with the community.

Taking Strides Forward Through Transformative Changes

We have sought to innovate and customise policies to the needs of different segments of Singaporeans. An example is the Pioneer Generation Package where we partnered the community to help explain policies to diverse segments among the elderly.

We have also organised ourselves differently to serve the public better. To integrate work on early childhood, improve municipal services delivery and oversee the emerging issue of cyber security, we set up the Early Childhood Development Agency, the Municipal Services Office and the Cyber Security Agency, respectively.

We applied new approaches such as behavioural economics and insights, and design thinking, to improve our policies and schemes. For example, 3% to 5% more employers paid their foreign domestic worker levies on time when they received pink reminder letters which indicated that 96% other employers paid the levy on time. By offering free or cheaper rides at selected times and destinations, the Land Transport Authority (LTA) saw a 7% to 8% shift in the morning peak hour travel load and thereby eased congestion.

We are learning new ways of reaching out, listening and involving the community as partners. Our Singapore Conversation built mutual understanding amongst Singaporeans, and helped the

Public Service appreciate the myriad of aspirations and concerns among different segments. Subsequent public engagements like MediShield Life and CPF consultations have built on these approaches of small group dialogues.

Building a Better Singapore, Together
Prime Minister Lee Hsien Loong has laid out the priorities for the next five years — keeping our nation safe and secure; ensuring growth, jobs and opportunities; taking care of Singaporeans; and transforming and greening our home. All these are underpinned by good governance, which the Public Service will seek to deliver while focusing on three broad areas.

The first is to partner Singaporeans and harness their energies and ideas for the good of Singapore — no one has a monopoly on ideas and the Public Service may not always have the answer, or be the answer. We are constantly on the lookout for opportunities to crowdsource, consult and co-create — both within the Service and with Singaporeans — as we shape our future together. The upcoming Jurong Lake Gardens will be a people's garden, developed based on ideas from the public, with more than 17,700 suggestions received through a public engagement exercise. SGfuture is another opportunity for Singaporeans to discuss how we can realise our dreams and aspirations for our country collectively.

The second is to move towards a digital government, which involves two key aspects. One is "digitising the Government" for which the Public Service will leverage technology and data to a greater extent. We want to use mobile platforms to improve our service delivery, especially as Singapore has one of the highest smart phone penetration rates in the world. By early next year, we will introduce the new "MyInfo" feature on our eCitizen portal, where citizens need only provide their personal data once to the Government, instead of repeatedly doing so for every electronic transaction with us. We will start with e-services such as applications for HDB flats and the Baby Bonus Scheme, and progressively extend this feature to more e-services over time.

Partner Singaporeans and harness their energies and ideas for the good of Singapore — no one has a monopoly on ideas and the Public Service may not always have the answer, or be the answer.

We also want to ride the wave of big data to make better policy and planning decisions. Beeline, a "live experiment" by the Infocomm Development Authority of Singapore and LTA, crowdsources suggestions and uses big data to find more direct and viable bus routes. Results are provided to private transport

companies and they can list bus routes on the app which commuters can then use to reserve seats.

The other aspect is "governing the digital", which means putting in place the platforms, processes and policies to foster invention and co-creation. We want to provide access to and improve the quality of open data so that new insights and solutions can be derived by a wider community of researchers, data scientists, and developers. This year, we released additional transport data sets and revamped our government open data portal to make it more user-friendly. Concurrently, we will take steps to mitigate the risks of new technology, particularly in cyber-security, personal data protection and ensuring no one is left behind.

Beyond hard structural changes, we must internalise systems thinking and collaboration as part of our shared culture so that it will be second nature for all of us to work across agency boundaries and tackle issues of priority.

The third is to be an integrated and nimble Public Service. We call this "Whole-of-Government" (WOG). We have put in place processes such as the No Wrong Door policy and First Responder Protocol, and set up the Strategy Group under the Prime Minister's Office to improve WOG coordination. Beyond hard structural changes, we must internalise systems thinking and collaboration as part of our shared culture so that it will be second nature for all of us to work across agency boundaries and tackle issues of priority. We will then be able to tap on the wisdom of crowds as well as innovate and adapt as we work at delivering higher public value.

People must be at the heart of this transformation we seek for the Public Service. We are committed to supporting officers in acquiring future-relevant skills that will allow them to advance to their next job, by mapping out career pathways and competencies required. Our Public Service Leadership Programme has been launched to systematically provide development opportunities for close to 700 sectoral and specialist leaders all across the Public Service as we recognise the importance of deep skills and capabilities to govern in a complex world. When our people are empowered and equipped, we can achieve transformational results for Singapore and Singaporeans.

Gearing Up for The Future Ahead
2015 had been a year of reflection and celebration, as we marked our 50th birthday as a nation. The Public Service came together to support the nation in its grief, when we honoured our founding father Lee Kuan Yew, and celebrated as one for the 28th SEA Games. For the

Public Service, it was a very special year for all of us to reaffirm our values and beliefs — of integrity, service and excellence — and to recommit ourselves to our mission of keeping Singapore special for many more decades to come.

We are starting a new chapter that will bring us closer to SG100. How our Singapore story will unfold will depend on bold ideas, a whole-of-nation effort and the gumption to make it happen. In partnership with Singaporeans, public officers have an opportunity to be tomorrow's pioneers through the journeys we take today. ⸙

Errata

In our interview with Adam Kahane on "Transformative Alliance" (Ethos Issue 13, p24–29), Adam's bio should have read "Adam Kahane is the Chairman of Reos North America, a social enterprise that helps businesses, governments, and civil society organisations address complex social challenges". In addition:

Page	For	Read
24, right column, line 15	but to transform the future	but also to transform it
24, right column, line 14	nor do they even necessarily know what the problem is	nor do they even necessarily agree on what the problem is
27, left column, line 16	We call this combination of the three key elements a lab	We call this combination of the three key elements a social lab[2]
27, right column, line 27	Lately, about 80% of our work is in convening these labs	Half of our work is in putting together – convening, building and organising – these labs
29, right column, line 1	Transformative scenario planning, through the lab process, is co-creative work	Transformative scenario planning, employing social labs, is co-creative work
29, Note		2. Zaid Hassan, The Social Labs Revolution: *A New Approach to Solving Our Most Complex Challenges* (San Francisco: Berrett-Koehler, 2014).

The publisher apologises for the errors.

HOUSING A NATION, BUILDING A CITY
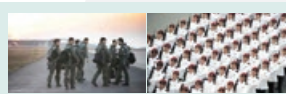
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