The Making of a Talent Magnet
Lessons from Singapore’s Public Service
The Boston Consulting Group (BCG) is a global management consulting firm and the world’s leading advisor on business strategy. We partner with clients from the private, public, and not-for-profit sectors in all regions to identify their highest-value opportunities, address their most critical challenges, and transform their enterprises. Our customized approach combines deep insight into the dynamics of companies and markets with close collaboration at all levels of the client organization. This ensures that our clients achieve sustainable competitive advantage, build more capable organizations, and secure lasting results. Founded in 1963, BCG is a private company with 77 offices in 42 countries. For more information, please visit bcg.com.
The Making of a Talent Magnet

Lessons from Singapore’s Public Service

Jeffrey Chua, Larry Kamener, and Michael Shanahan

May 2012
The Singapore Public Service stands out for its high caliber and for its effectiveness over several generations in responding to the country’s short-term crises and long-term structural challenges. The sustained quality of talent in the Singapore Public Service has played a significant part in turning the island nation into one of Asia’s great success stories.

Building a Meritocracy
Most distinctive about the Singapore Public Service are the deliberate choices made around attracting, assessing, and developing talent. Recruiting focuses on top achievers. Compensation is kept competitive with the private sector. And the system rigorously assesses employees’ current performance and their leadership potential and then fast-tracks top talent.

Adapting to Any Challenge
The continual investment in talent management has allowed the public service to adapt readily to shifts in the country's needs and priorities, such as upgrading the corps of teachers and building an extensive, high-quality network of public housing. With governments around the world challenged to improve their delivery of services, Singapore’s experience is relevant for public-sector leaders everywhere.
Singapore is one of Asia’s great success stories, transforming itself from a developing country into a modern industrial economy in only one generation. Its economic growth has averaged roughly 8 percent per year since the 1960s, and its GDP per capita has reached US$43,867, one of the highest in the world.

Singapore has built a robust infrastructure—including one of the world’s leading airports, Changi Airport—and an extensive, high-quality public-housing system. (See the sidebar “From Slums to Top-Quality Public Housing in a Generation.”) It has also dealt effectively with a number of crises, such as the outbreak of severe acute respiratory syndrome (SARS) in 2003 and the global financial crisis in 2008.

How is it that Singapore excels year after year in improving its standard of living and confronting such major crises?

A central player in all of this has been the Singapore Public Service, an institution that rivals any other public-service organization in the world for capability, transparency, efficiency, and effectiveness. Its reputation as a flexible meritocracy, with a strong focus on integrated strategic planning and detailed execution, is in addition to its top rankings on such measures as ease of doing business, lack of corruption, and educational testing. And although Singapore has to deal with the same economic and political forces roiling other countries, its public service provides a reliable team to handle each new surprise.

By contrast, many other countries, even wealthy nations, face severe challenges when it comes to the caliber and effectiveness of their public-service organizations. Some grapple with work rules and promotion schemes that reward longevity rather than performance and, therefore, tend to retain lower performers. Others face challenges in talent development and lose too many high performers. Still others struggle to attract top talent because of competition from higher-paying and more prestigious private-sector employers. In the worst cases, some public-service organizations are plagued with endemic corruption and outright bribery, abuses known to all yet persisting because reform never advances beyond halfhearted efforts. These systems have a way of wearing down ethical, high-performing public servants, who inevitably depart for better prospects.

A Model Institution

From Singapore’s start in 1965 as an independent nation, Lee Kuan Yew, the first prime minister, defined and pursued two overarching goals: building a modern
economy and creating a Singaporean national identity. Lee recruited the best and brightest people into this island nation’s public service, believing that meritocracy was the best way to run a country, create a peaceful multiethnic society, and promote economic growth. (An excellent history and overview of the Singapore Public Service is N.C. Saxena’s *Virtuous Cycles: The Singapore Public Service and National Development*, which was published by the United Nations Development Programme in 2011.)

Singapore’s size, political structure, and demographics may be unique, but it would be a mistake to dismiss its public-service experience as irrelevant because of those factors. Much of the structure and many of the practices of Singapore’s public service are directly transferable to public-service organizations elsewhere, even in countries with different political structures and public institutions.

**FROM SLUMS TO TOP-QUALITY PUBLIC HOUSING IN A GENERATION**

One of the most impressive achievements of Singapore’s public service is how it orchestrated a long-term solution to the severe housing shortage the country faced in its early years. In the process, Singapore developed high-quality public housing on a massive scale, acquiring expertise that it has even packaged as consulting services to other governments.

A gradually worsening shortage of housing in Singapore had, by the 1960s, forced an estimated 550,000 people to become squatters in the central city and suburbs—almost 30 percent of the nation’s population. (See the exhibit below.)

Private builders were not able to meet the demand for housing, so Singapore’s newly established

---

**Singapore’s Housing and Development Board Responded to a Severe Housing Shortage**

![Images of housing projects from 1960s and 2010](source: The Housing and Development Board’s website.)
The lessons from Singapore’s public-service experience are also quite timely. In many countries across different regions, pressures are intensifying on governments to deliver major reforms, whether the problem is a sovereign-debt crisis, a flagging educational system, or a feeble emergency response system. In many corners of the world, citizens and other stakeholders have realized that a major constraint on the sustainable growth of their nation’s living standards is the ability of their public-service organization to deliver high-quality services.

In that spirit, an analysis of the Singapore Public Service—approximately 130,000 strong, including the statutory boards that perform operational functions—provides insights that can be adapted by current and future public-sector leaders in any country. (The Singapore Public Service statistics cited in this report are from its website as of May 7, 2012.) In our view, what underpins the success of Singapore’s

Housing and Development Board set out to fill the need. It completed 54,000 apartment units within five years. The board launched an ownership scheme in the 1970s, allowing applicants to buy a flat using funds from their national pension.

Over the years, housing estates became self-contained satellite towns with their own schools, supermarkets, health clinics, and recreational facilities. In the 1980s, town councils formed to encourage collective responsibility for managing these estates. And in the 1990s, the board started an upgrade program for older flats and built more condominiums for higher-income families.

Today, more than 80 percent of Singapore’s population lives in publicly built flats, with more than 90 percent of that group owning their flat. Judged by nearly every standard, including scale, cost, affordability, community-building, and even design, Singapore’s housing experiment must be considered a remarkable public-works success.

Taking its expertise a step further, in 1991 the Housing and Development Board did its first overseas consulting project in Indonesia. Surbana Corporation, as the board’s corporate unit is now called, has since undertaken consulting and development projects in 16 cities across Asia and the Middle East. These include architecture design, project management, coastal engineering, and urban planning.

Singapore’s public-housing record shows that good execution by top talent is as important as good policy. Among the factors that account for the sustained success of the Housing and Development Board is the high caliber of its employees, including the persistence and deep bench of its leadership. The vision of the first chairman and members of the board was adapted by subsequent leaders to suit the shifting needs during their time in office. Skillful planning and implementation is a valuable commodity in public service; to retain that through several generations requires careful selection and training of people over a long period of time.
public service is a healthy and sophisticated talent-management system that draws on the best practices from the corporate sector yet is tuned to the circumstances of the public sector.

Rather than describe the Singapore Public Service comprehensively, this report highlights five distinguishing features that focus on planning for the organization’s talent needs as well as attracting, assessing, developing, and motivating public-sector employees.

Singapore has made deliberate choices in managing its talent while staying aware of the tradeoffs involved. These choices and the resulting capabilities should be highly instructive to other countries that are striving to upgrade their governance and their delivery of services.

Planning for Talent Needs and Tailoring the Approach

The Singapore Public Service classifies its talent needs using the categories of specialist and generalist and tailors its recruitment efforts, compensation plans, and career paths to each, while also paying attention to its leadership needs.

The specialists in the public service number about 32,000 and form a group that is comprised of teachers and professionals in economics, security, law, foreign service, and other disciplines. Lawyers for the Attorney-General’s Chambers or the legal departments of various ministries are recruited differently than, for example, economists for the Ministry of Trade and Industry.

Most public servants fall in the generalist category, which emphasizes skills in policymaking and administration. The Singapore Public Service imposes a fair degree of centralized specification for salaries and performance criteria, but it allows the operating units and personnel boards throughout the institution some flexibility when it comes to managing employees. As a senior public-service officer who oversees talent needs stated, “We build the pool of people; after that we are flexible.”

The pinnacle of the generalist career path is a place in the elite Administrative Service, which identifies high-potential talent early on and grooms them for top generalist posts. Roughly 60 people are inducted each year into a training and probation program for aspiring administrative-service officers.

The Singapore Public Service ensures a steady supply of talent because of its focus on maintaining a pool of people worthy of becoming permanent secretaries and assuming other leadership positions. Potential leaders rotate through various portfolios and assignments in preparation for assuming high-level policymaking and leadership roles. For example, administrative service officers might work for two years in the Ministry of Finance followed by two years in the Ministry of Health. Such rotations allow them to have exposure to different ministries, build a network of colleagues throughout the public service, and round out their competencies and perspectives. Rotations also enable these young officers to be evaluated in various job contexts in order to determine their suitability for senior positions.
Attracting Talent with Scholarships and Competitive Compensation

When it comes to attracting talent, the Singapore Public Service makes a significant investment through two related avenues: scholarships and compensation. It’s not only the amount of money spent that sets Singapore apart but also the nature of the spending.

University scholarships, covering tuition and living expenses, are offered to high-caliber candidates who are willing to serve four to six years in the public service. Ministries, specialist services, and statutory boards offer various scholarships that are tailored to attract the specific types of talent that suit their needs. For example, the Ministry of Education offers teaching scholarships, and the Urban Redevelopment Authority offers scholarships for a degree in urban planning or architecture.

Students who are awarded the scholarships typically have excellent academic records and attend top-tier universities; many wind up among the public service’s senior leaders. For example, scholarship programs were the source for 17 of today’s 22 permanent secretaries.

When new hires come onboard, they step into a compensation framework that’s designed to retain high-caliber individuals at all levels of the organization. The most notable aspect of this framework is the continuous benchmarking of pay to ensure that the rates in the Singapore Public Service keep pace with market rates paid for comparable positions in the private sector. According to Saxena’s Virtuous Cycles, senior permanent secretaries earn the equivalent of US$1.47 million annually. This compares with US$191,300 for the U.S. Secretary of the Treasury and US$298,000 for the U.K.’s departmental permanent secretaries. A director (a senior public servant) in the Administrative Service earns roughly US$270,000 in base salary plus a variable bonus.

Recent public discontent over the salaries of Singapore’s elected politicians (in the context of rising income inequality) has led to sizeable pay cuts for lawmakers and ministers—albeit to levels still well above those in most other countries. Nonetheless, these recommendations for cuts employ the same basic principles for compensation as those used for the public service: competitive salaries, an ethos of public service, and a “clean” wage with no hidden perquisites. Although similar cuts may at some point ripple into the ranks of the public service, the current focus is on comparative pay levels. For example, in February 2012, the civil service announced a pay increase of 5 to 15 percent for mid- to lower-level public servants to ensure pay competitiveness with the private sector. (See “Pay Hike for Junior and Mid-Level Civil Servants,” The Straits Times, February 7, 2012.)

The public service’s focus on benchmarking its compensation in order to keep pace with the private sector has two important consequences: it ensures that a talented public servant is not unfairly penalized for choosing a career in the public sector, and it reduces the temptation to engage in corrupt practices.

A competitive level of pay in itself isn’t sufficient to motivate great performance, however. So the public service relies on highly variable pay—worth up to 45 percent
of total compensation at senior management levels—to reward employees whose actions lead to the desired outcomes. Variable pay hinges on both the overall economic situation of the country and on the individual’s performance. When Singapore’s economy suffered in 2009, the component of variable pay that is affected by the economy shrank to one-quarter of a month’s pay, whereas in 2010 it bounced back to one and a half times a month’s pay in keeping with strong GDP growth. The performance-related component ranges from half of a month to four months of additional pay.

This flexible structure with a highly variable component exists for all employees, although employees with a larger responsibility for the performance of their domain—which generally means those in the more senior positions—have greater variability in their pay. And an internal relativity measure strives to set equal pay for equal jobs, with performance reviews rolled up for a standardized ranking across each ministry.

Reinforcing its concern for open and honest governance, the public service decided to make all compensation—save for some minimal health-care benefits—payable in the form of cash. The goal was to reduce hidden perquisites in the form of allowances or benefits and further deter any temptation for favoritism or abuse.

Assessing and Recognizing Employees’ Performance and Leadership Potential

The public service operates an assessment system that is heavily based on merit and that looks at employees’ current performance and their potential for future leadership positions. Employees who rank highly in both performance and potential generally receive an accelerated promotion schedule, a higher bonus allocation, and extra attention designed to retain them long term. Identifying an elite corps of high-potential employees (as distinct from an elite group of employees who are well connected by virtue of their social class) and accelerating their growth mirrors some of the best practices of private-sector companies.

Strict discipline in assigning performance grades ensures uniform assessment throughout all parts of the public service, including teachers, economists, and others outside central ministries. Each employee gets a grade, A through D, and the scores must conform to a maximum quota for each grade across the system. This stands in sharp contrast to the assessments of most other public services, where performance rankings tend to cluster in the top two grades. The rigor of assessments thus rivals the best practices in the professional services and corporate sectors.

The focus on leadership potential as distinct from how one performs in one’s current role is one of the most distinctive aspects of Singapore’s assessment system. Leadership potential is formally assessed through a current estimated potential (CEP) rating. (See the exhibit “The Performance-Potential Matrix Provides Clear Direction for Managing Talent.”) The rating incorporates such measures as emotional intelligence, performance in small groups, and feedback from team members.
The CEP rating is the most powerful determinant of one’s promotion schedule and thus one’s career-development plan, including training and rotation through a portfolio of topic areas. After six to eight performance-review cycles, one’s final CEP is relatively fixed, meaning that one’s employer has a good idea of the leadership level that the candidate will attain by age 45. As the various departments plan their future talent needs, they translate those plans into a CEP quota, which gets reviewed each year.

Developing Employees’ Skills and Grooming Future Leaders

The Singapore Public Service makes a substantial commitment to offering rigorous training for its employees. All employees have a training budget, which they can spend on programs provided by the Singapore Public Service or by private companies. The former requires a significant investment, as evidenced by institutions such as the Civil Service College and its offering of about 1,000 courses on a variety of subjects, including economics, administration, and organizational development.

In addition, public officers go through an institutionalized development-planning process every year. This starts with a discussion between the employee and his or her superior. Together, they review the individual’s work plans and goals for the next year, identify his or her strengths and the areas in need of development, and consider the employee’s career aspirations. That discussion informs the selection of development activities in which the employee will take part over the course of the year. Although progress is monitored throughout the year, there’s always a post-development review to evaluate how effective the activities were and to suggest other activities that could be beneficial.
Structured training also takes place at key career milestones for high-potential public officers: a leadership-development program when they become a senior assistant director, a senior management program when they become a director, and so on.

**Motivating Talent to Respond to Changing Needs and Priorities**

The cohesion and expertise of the Singapore Public Service has been a great asset in allowing public agencies to address shifts in needs and priorities. Two developments over the past decade illustrate the point.

The first major challenge involved the need to rejuvenate the Singapore Education Service, which was being eroded by a wave of retirements among teachers hired in the 1960s and 1970s, as well as by flagging service prestige that made it more difficult to attract and retain top talent.

In 2001, a special steering committee reviewed and restructured teachers’ pay and career systems. The committee introduced a new professional-development plan that included entitlement to 100 hours per year of development. That was followed with a new performance-management system and a performance-related pay system.

Responding to the various priorities and aspirations held by teachers, Singapore established a system with three career tracks—master teacher, specialist in curriculum or research, and school leader. For each, it specified the competencies teachers must develop and assigned mentors to potential leaders. Teachers with potential as school leaders are moved to middle-management teams and receive training to prepare them for their new roles. Teachers also receive annual performance bonuses of up to four months of salary; their performance is rated in five areas of competency. (See *Rethinking Human Capital in Education: Singapore as a Model for Teacher Development*, Aspen Institute, 2008.)

Singapore’s approach to educational leadership now is modeled on leadership programs found in many large corporations, especially with regard to how it identifies and develops talent—a “select then train” approach. This differs from the “train then select” approach in the U.S. or U.K., for example, in which a teacher can train as a principal or school head and then apply for a position.

In Singapore, young teachers are continuously assessed for their leadership potential and given opportunities to lead and learn by serving on committees. They are then promoted to head a department at a relatively young age. Some transfer to the Ministry of Education for a period, which brings their frontline teaching experience to policymakers’ circles—something that rarely happens in other countries. On the basis of these experiences, potential principals get selected for interviews and leadership situational exercises. If they pass these, they go to the National Institute of Education for six months of executive leadership training. The process includes an international study trip and a project on school innovation. (See *Strong Performers and Successful Reformers in Education: Lessons from PISA for the United States*, Organisation for Economic Co-operation and Development, 2011.)
The introduction of teaching service reforms led to marked improvements in talent management outcomes. The teacher workforce has risen from 24,600 in 2001 to about 30,000 today, and plans indicate that it will reach 33,000 by 2015. At the same time, the standing of the profession has risen in public-perception surveys commissioned by the Ministry of Education. And the teaching force has been rejuvenated by the ministry’s stepped-up retirement and recruitment efforts; more than one-third of teachers are age 30 or younger.

There’s another, even more important benefit. Although many factors account for educational outcomes, the restructuring of the professional-development plan for teachers and school leaders has helped maintain excellence in the overall educational system. For instance, in the Organisation for Economic Co-operation and Development’s Programme for International Student Assessment—the leading cross-national test of reading, mathematics, and science—Singapore ranked among the top five countries in each of these areas for the assessment conducted in 2009.

The second development that required addressing involved how people moved into the Administrative Service—the premier career path of the public service. For many years, the Administrative Service had direct admission and a separate career track. This was a way for potential administrative officers to be tested, through two job rotations, for more senior service.

Copious feedback about the program, however, showed that this early, very stringent filtering meant that the Administrative Service was missing out on some good talent that did not meet these initial selection criteria. In response, over the past five years, Singapore formed the Management Associates Program (MAP), which is a more inclusive four-year program that grooms a larger pool of up-and-coming young public servants. All high-potential employees will be placed in MAP for development and assessment. There is no longer direct admission to the Administrative Service. As a result, the pool of potential talent has been substantially increased to give more people the opportunity to develop their capabilities and then move into the Administrative Service; if they don’t pass after the first interview in the third or fourth year, they get a second chance a year later.

Key Lessons
Although Singapore has some unique features relative to other countries, in many respects its history resembles that of other former-European colonies. Of course, not every feature of its public service is politically feasible for other countries, at least not initially. But there are several elements that other public services could readily emulate no matter how they structure their current institutions:

- **Invest early in leaders.** Consider diverting more resources to identifying and developing young, high-potential employees—those with innate intelligence, emotional intelligence, and public spirit. Groom them by providing education and real-world opportunities to stretch their skills and experience. Expanding the pool of high-potential employees can be done by using creative approaches to attract bright university graduates and midcareer transfers, who can be developed through job rotations and disciplined mentorship.
• **Link rewards more tightly to performance.** It’s hard to argue against the benefits of a meritocracy—“From each his best, to each his worth,” as Lee Kwan Yew put it—compared with a system that relies heavily on tenure and makes it difficult to treat high and low performers differently. To make a meritocracy work, performance assessments must be based on objective measures that are applied rigorously (such as by using forced rankings), tracked systematically, and then linked to pay or advancement. It’s especially critical to differentiate between top and bottom performers who are in more senior positions and have broader influence over policy, budgets, and resources.

Tightly linking rewards to performance, combined with setting rewards at competitive levels, also serves to reduce the incentives for corruption. The performance-based management system is reinforced by other practices that discourage corruption, such as streamlining administrative procedures to close loopholes and requiring senior officials to declare their assets and investments and to state that they have no indebtedness.

• **Heighten the rigor and breadth of training.** Just as the top talent in the private sector tends to continually upgrade its skills to adapt to new technologies and new business processes, so, too, must the talent in the public sector keep its skills current.

**Although the Singapore Public Service** has performed well and developed a strong base of talent, it is not complacent about areas of concern. For example, its emphasis on scholarship and academic achievement tends to overlook candidates who might not shine in the classroom but possess “street smarts” and innate leadership qualities. The early lock-in of designated candidates for senior leadership positions may discourage other employees who could surprise their supervisors with their future performance. And the background of the administrative officer corps is quite homogeneous, which limits the diversity of perspectives and ideas that could emerge to help solve problems.

The public service acknowledges such issues and is currently reexamining the tradeoffs of efficiency versus effectiveness, which may lead to more engagement and empathy with public concerns. New courses are being offered in public engagement and communication, and officers are holding more sessions with ordinary citizens. Increased responsiveness to citizens’ concerns is another sign of the public service’s ability to adapt—a hallmark of high-performing institutions.

As other countries wrestle with tighter public budgets or the loss of top public-sector talent to greener pastures, they would do well to consider how Singapore has adapted some of the best practices of the private sector. Singapore demonstrates that a public service can rank among the highest-performing organizations, year in and year out. Grand ambitions—and the ability to deliver on them—serve as a comparative advantage for a nation that’s increasingly playing on a global stage.
About the Authors

Jeffrey Chua is a partner and managing director in the Singapore office of The Boston Consulting Group. You may contact him by e-mail at chua.jeffrey@bcg.com.

Larry Kamener is a senior partner and managing director in the firm’s Melbourne office and the global leader of the Public Sector practice. You may contact him by e-mail at kamener.larry@bcg.com.

Michael Shanahan is a senior partner and managing director in BCG’s Boston office. You may contact him by e-mail at shanahan.michael@bcg.com.

Acknowledgments

This report is sponsored by the Public Sector practice. The authors would like to thank Grace Lu, Carol Tan, and Anna York for their contributions to the report. They would also like to thank John Campbell and John Kerr for their writing support and Katherine Andrews, Gary Callahan, Kim Friedman, Abigail Garland, Trudy Neuhaus, and Sara Strassenreiter for their contributions to the editing, design, and production.

For Further Contact

If you would like to discuss this report, please contact one of the authors.