

# The Role of Incentives in Civil Service Reform: the Singapore Story<sup>1</sup>

**Core Issue:** *Incentive Mechanisms for Civil Service Reform*

## The Story

Following its independence in 1965, Singapore, the Lion City, faced the daunting task of nation building and economic survival, including massive unrest due to unemployment, poor infrastructure and delivery of basic services particularly housing, and revenue generation. Starting in the 1970s, the government introduced an economic development framework characterized by a drive for economic efficiency and effectiveness through market-driven policies, attracting foreign investments and skill-intensive industries to solve unemployment, and enhancing efficiency through statutory boards and corporations, combined with policies to reduce racial tension, and strengthening the national defense system. Tax incentives immediately instituted by the government provided the main mechanism for the entry of electronics companies in the late 1960s, soon followed by pharmaceutical, trading and financial institutions, which cemented Singapore's strategic role as an economic powerhouse in the region.

The 1980s witnessed a focused drive on enhancing talent and productivity particularly within the civil service, and increased attention to attracting higher value-added investments, which has continued to the present time. Singapore embarked on what the government called the "Second Industrial Revolution", a move into knowledge-intensive activities such as R&D, engineering design, and computer software services <sup>1/</sup>. Since the latter 1990s government policy has aimed to increase the innovative, research and development aspects of electronics, biotechnology and other high-tech sectors, to continue to propel Singapore as a centre for innovative ideas while it continues to tap its strength in skilled and efficient manufacturing <sup>2/</sup>. The economic success of Singapore is strongly driven by a government that is heavily involved in a number of key sectors and industries, and which is perceived as one of the least corrupt in the whole world, ranking fourth only behind Denmark, Finland and New Zealand in 2007 <sup>3/</sup>.

Like in most other countries, belonging to the civil service is a source of pride and prestige in Singapore. The government has consciously followed a stringent policy to cultivate and nurture the civil service, to ensure that it has the best talents to drive the country forward. What are the factors that have contributed to this amazing story?

- One, the government follows a business-like approach within the civil service, continuously analyzing the service delivery needs of the country and the emerging global trends, reforming the civil service according to such needs and trends, and utilizing the knowledge available from the vast business and educational sector and industries that are present in the country.
- Second, the government through its Public Service Commission (PSC) has continuously played a very active role in identifying, nurturing and grooming promising young talents for civil service leadership positions, including providing scholarships for local and foreign universities, and continuing development programmes.

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- Third, public servants in Singapore receive very competitive salaries, rivaling even the private sector. This is complemented by a merit-based personnel assessment system supports civil service performance management and provides incentives, including promotion and performance bonuses, for good performers. Economic performance is likewise linked to civil service rewards, i.e., civil servants could receive bonuses of up to twice their monthly salaries during periods of good economic performance.
- Fourth, in addition to providing a relatively high salary structure for the civil service, the government has exhibited strong political will to combat corruption through the introduction of stringent administrative and legal measures to support the anticorruption law, empowering the independent Corrupt Practices Investigation Bureau (CPIB) to prosecute corrupt officials, and promote ethical leadership by example. Importantly, successful prosecution of cases against public officials, whose cases are also displayed publicly in the CPIB website <sup>4/</sup>, have also bolstered public support to the government's anticorruption drive.

### **Further reading**

Masters and Mandarins. Lee Hock Guan. Presentation made at the Regional Consultation on Institutional Reform and Change Management,

<sup>1/</sup> [http://www.edb.gov.sg/edb/sg/en\\_uk/index/about\\_us/our\\_history/the\\_1980s.html](http://www.edb.gov.sg/edb/sg/en_uk/index/about_us/our_history/the_1980s.html)

<sup>2/</sup> <http://www.thecommonwealth.org/YearbookInternal/139352/economy/>

<sup>3/</sup> [http://www.transparency.org/policy\\_research/surveys\\_indices/cpi/2007](http://www.transparency.org/policy_research/surveys_indices/cpi/2007)

<sup>4/</sup> <http://app.cpib.gov.sg>