

SKILLS-FIRST: POLICY AND IMPACT

► The need for a skills-first approach

- **Traditional qualification-centric systems are increasingly inadequate** amid rapid technological, demographic, and geopolitical shifts
- **Economies face a transformation gap:** emerging skills shortages amid underutilised displaced workers
- **Automation and offshoring weaken the link** between national skills investment and domestic job creation
- Without systemic reform, fragmented initiatives yield only marginal gains while structural foundations remain misaligned



► What skills-first means

Systematic practice of identifying, validating, developing, and deploying skills as the **primary currency** for labour market transactions and policy interventions

Skills as:



Common language



Validated signal



Dynamic asset

► Embedding skills-first across the policy ecosystem



Industrial Policy: From Job Creation to Capability Development

- **Skills-linked incentives** conditioning subsidies and tax credits on developing domestic skills capabilities
- **Cluster-based skills ecosystems** with shared training infrastructure and cross-firm mobility pathways
- **Value-chain capability mandates** to invest in supplier capability development to deepen domestic skills ecosystem
- **Skills utilisation accountability** to track job quality and deployment of capabilities



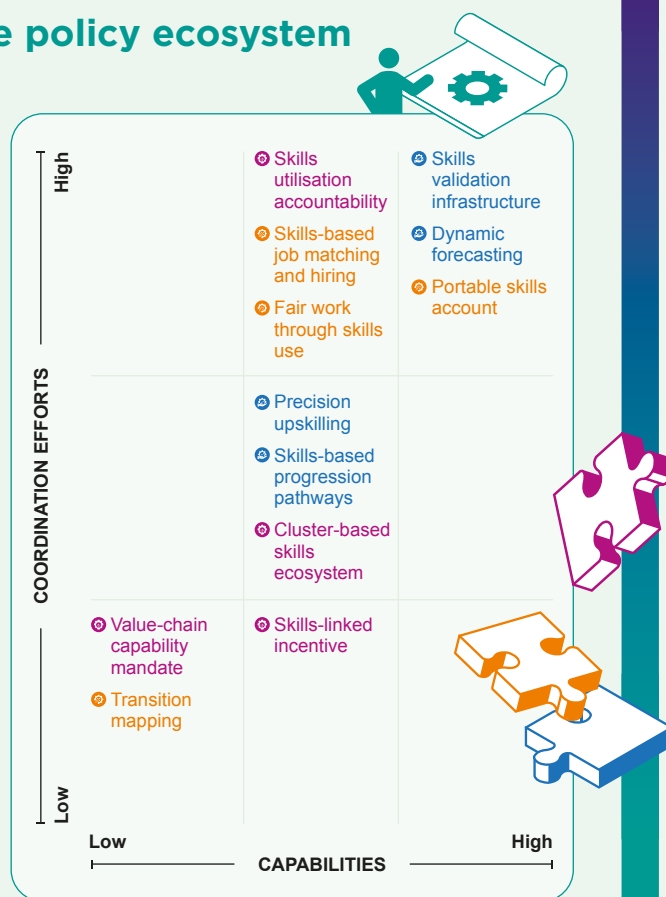
Labour Policy: From Protection to Proactive Mobility

- **Skills-based job matching and hiring** through AI-enabled platforms
- **Portable skills accounts** aggregating validated competencies
- **Transition mapping** using skills analytics to identify low-friction re-employment pathways
- **Fair work through skills use**, reducing skills underutilisation and credential inflation



Skills Policy: From Supply Expansion to Targeted Capability Building

- **Precision upskilling** using granular skills intelligence to target reskilling investments
- **Skills-based progression pathways** by designing modular career-learning pathways that recognise transferable skills and enable mobility within or across sectors
- **Validation infrastructure** for informal and non-formal learning
- **Dynamic forecasting** by building real-time labour market intelligence to anticipate emerging skills demand



GOVERNMENT ROLES IN SYSTEMIC ADOPTION

- **Integrator & Policy Co-ordinator** ensuring whole-of-government alignment
- **Convener & Standard-Setter** developing taxonomies and validation standards and enabling social dialogue
- **Capability Builder** investing in digital infrastructure and labour market intelligence
- **Incentive Architect** rewarding skills development and utilisation outcomes, not just participation metrics
- **Quality Regulator** preventing credential inflation and ensuring portability and stackability
- **Exemplar Adopter** embedding skills-based hiring and progression in public sector employment
- **Monitor & Evaluator** measuring systemic outcomes



◀ Scan to view the full working paper

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