

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



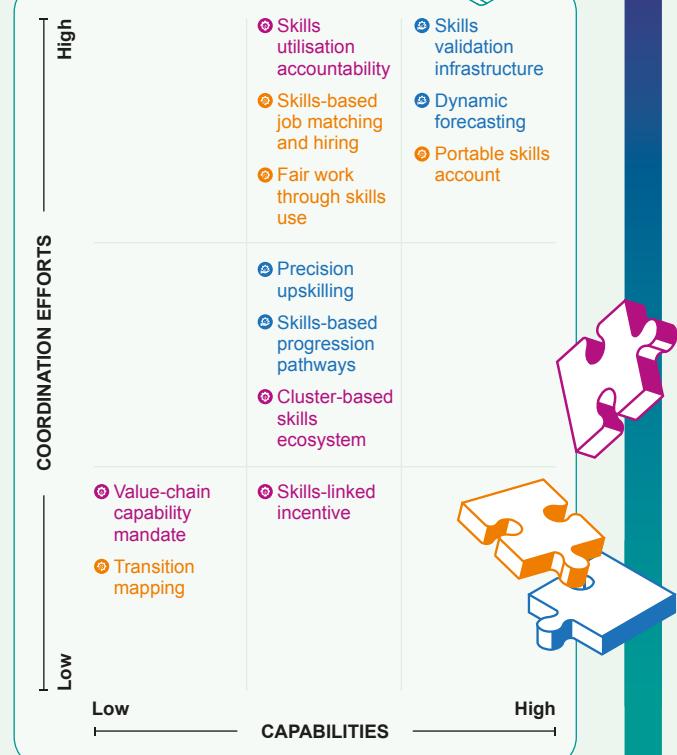
Labour Policy: From Protection to Proactive Mobility

- 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
- Convenor & 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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