

# **SINGAPORE**

## **Environment**

In 1998, Singapore plunged into its first recession since 1985/86. Arising from this economic downturn, many industries took the option to downsize in order to survive. Private sector establishments with at least 25 employees retrenched a total of 29,098 workers in 1998, nearly three times the 9,784 retrenched in the previous year and surpassing the 19,529 retrenched during the 1985/86 recession. Manufacturing accounted for the majority (65 per cent) of the workers retrenched, services accounted for another 31 per cent, the remaining 4 per cent came from the construction sector.

In addition to retrenchments, there were also cut-backs in hiring due to the uncertain economic outlook. Job vacancies declined from 42,065 in 1997 to 18,342 in 1998. The job vacancy rate (vacancies expressed as a percentage of total staff demand) in 1998 averaged 1.9 per cent, a significant decline from 4.4 per cent in 1997. This decline was experienced across all sectors.

For the whole of 1998, overall unemployment averaged 3.2 per cent, a sharp rise from 1.8 per cent in 1997. The average number of unemployed persons in 1998 was 62,700 compared to 34,800 in 1997. The unemployed were also taking a longer time to secure employment. The median duration of unemployment was 12.3 weeks in December 1998 compared with 7.2 weeks in December 1997.

## **Policies in Place**

To tackle the unemployment situation, the Singapore Government, through its Ministry of Manpower has adopted a holistic approach to deal with the current employment situation. Termed the 4R Strategy, it is a comprehensive plan which aims to:

1. Redeploy displaced workers
2. Renew the workforce
3. Revitalise employment through seeding new jobs
4. Realign work processes and employment practices

Complementing the 4R strategy were the recommendations made by the Committee on Singapore's Competitiveness (CSC). CSC was formed in November 1996 to conduct a review of Singapore's economic competitiveness over the next ten years. In response to the economic decline, CSC recommended a cost/tax cutting package to help companies compete during the difficult period and minimise further job losses.

Apart from these two mainly reactive strategies to tackle the employment situation, the Central Provident Fund (CPF) also provides some form of social security for the unemployed. This fund which comes from employers' contributions to the workers' salaries is available for withdrawal for housing, healthcare and education.

## *Employment of Workers*

### **Employment Facilitation Team (EFT)**

The EFT is a key programme for the re-deployment thrust of the 4R strategy. It is characterised by the following action plans:

- Job sourcing – networking with industries and companies to identify recruitment opportunities and maintaining a sectoral database of job vacancies.
- Counseling – site visits to groups of to-be-retrenched workers and re-employment preparation workshops for job seekers.
- Industry job fairs – bringing together job seekers and prospective employers.

#### Objective

The objective of the EFT is to assist in the active re-deployment and hence re-employment of displaced workers across all sectors.

#### Target group

The target groups for the EFT are the to-be-displaced and displaced workers.

#### Date of implementation

The EFT was set up and operational with effect from 1 September 1998.

#### Organisation responsible for EFTs operation

The Ministry of Manpower, through the Manpower Development Division, is responsible for the operation of the EFT.

#### Delivery system

The EFT organised an industry job fair “Career Cleanroom 99” in collaboration with cleanroom environment industries, the National Trade Union Congress (NTUC), Economic Development Board (EDB) and Singapore National Employers Federation (SNEF) to increase awareness and facilitate recruitment into cleanroom environment industries. More industry job fairs are being planned.

An Employment Facilitation Workshop was also organised jointly with Community Development Councils (CDC). The workshop consisted of training and interview sessions between job seekers and prospective employers. The employers were mainly from the service industry.

In addition, a computer job matching service was set up in 1 April 99 to make job matching available on the Internet. With this system, job seekers and providers will no longer need to visit the Ministry of Manpower to seek employment and recruitment opportunities.

#### Measurement and evaluation

- Industry fair – 87 per cent of visitors agreed that they had developed a better understanding of cleanroom work. 73 per cent realised they were suitable for such work. 1,100 job seekers applied for the 490 job vacancies.
- Employment Facilitation Workshop – 22 per cent of job seekers at the workshop were placed with jobs.

## **Skills Redevelopment Programme (SRP)**

The SRP is the key programme in the renewal of the Singapore workforce. It has been in place since December 1996 and some of the role it has been playing is in the training of in-employment workers. Work is now being undertaken to make it more comprehensive. Improvements to the programme include:

- Addressing Training Needs – determine areas where training is lacking and reasons for deficiencies, drawing up new training curricula for emerging industries, providing training facilities.
- Promoting SRP – working with industries, economic agencies and community self-help groups to assist in the promotion of continuous employment training (CET).

### Objective

The objective of the SRP is to minimise incidences of structural unemployment, and enhance the employability of workers by providing comprehensive training curriculum and facilities for jobs in the manufacturing and services sectors.

### Target group

The target groups for the SRP are in-employment workers from the manufacturing and services sectors.

### Date of implementation

September 1998.

### Organisation responsible for SRP's operation

The National Trade Union Congress (NTUC) is responsible for the SRP.

### Delivery system

A one stop Skills Redevelopment Centre (SDC) was opened on 11 February 1999. Three new industrial sectors, namely telecommunications, chemical processes and disk drive announced their participation in the SRP.

### Measurement and evaluation

The programme is still in the process of implementation.

## **Sectoral Employment Review**

The sectoral employment review is the key programme for the revitalisation of employment. The action plans associated with it are:

- Identifying new growth sectors – to channel retrenched workers to take on jobs in these sectors.
- Identifying new skills requirements – to train workers to be re-channeled into new growth sectors.
- Monthly updates on company recruitment needs – to maintain responsiveness to sectoral growth and new skills requirements.

### Objective

The objective of the Sectoral Employment Review is to effectively manage the demand and supply in the labour market by identifying areas of employment growth,

to assist workers in moving from declining to growing sectors as the economy revitalises.

Target group

Displaced workers or potential displaced workers in all industries.

Date of implementation

September 1998

Organisation responsible for Sectoral Employment Review

The Ministry of Manpower is responsible for the implementation of this programme.

Delivery system

The cleaning industry has been identified as an industry which can be re-vitalised through job re-design and an establishing of an industry standard. Work is being done on these aspects of the industry to re-vitalise jobs in it.

Measurement and evaluation

Work is still in progress on the cleaning industry revitalisation programme and evaluation is still taking place.

***Social Safety Nets to Alleviate Poverty***

**Central Provident Fund (CPF)**

The CPF is a social security savings scheme jointly supported by employees, employers and the government.

Objective

The objective of the CPF is to meet primary needs like shelter, food, clothing and health services. Benefits offered are to help meet one or more needs of the CPF Member in his retirement. They include withdrawals by members for retirement, permanent disablement, home ownership, healthcare and education. The amounts available depend on how much the Member has saved in the CPF.

Target group

All Singaporean and Permanent Resident Employees.

Organisation responsible for CPF

The CPF Board, which is a Statutory Board under the purview of the Ministry of Manpower is responsible for the implementation of the CPF.

Date of Implementation

The CPF Board was set up in 1955.

Delivery System

The CPF account of every Singaporean and PR employee gets a contribution from the employer monthly as a percentage of his wages. This account acts like a savings account for the worker. However, withdrawal from this account can only be made upon retirement, permanent disability, housing, healthcare and education.

## ***Workplace Practices that Contribute to Enhanced Productivity and Greater Stability***

### **Retrenchment Advisory Programme**

The Retrenchment Advisory Programme is the key programme for the realignment of employment practices. The action plans associated with it are:

- Advice on cost-cutting alternatives to retrenchment – shorter work-week, temporary lay-off.
- Conciliatory assistance to resolve disputes – cutting down processing time of employment claims, intervention at work sites to prevent disputes and preserve industrial harmony.

#### Objectives

The objective of the Retrenchment Advisory Programme is to provide timely and comprehensive advice to companies on various cost-cutting measures as alternatives to retrenching excess manpower.

#### Target group

Companies considering retrenchment as an option to cut business costs.

#### Date of implementation

The Retrenchment Advisory Programme was started in July 1998.

#### Organisation responsible for implementation

The Ministry of Manpower is responsible for the implementation of the programme.

#### Delivery system

This programme was implemented through phone call-in services advising on matters related to alternatives in retrenchments and organising meetings explaining alternatives to retrenchment. The meetings were conducted with organisations seeking advice, HR practitioners and also members of the public through co-ordination with community partners like Community Clubs. Where necessary, more meetings will be planned.

#### Measurement and evaluation

- 40 meetings were organised at the request of companies. The number of companies which had adopted alternatives to retrenchments increased from 38 in mid-1998 to 80 by the end of 1998.

### **Cost/Tax Cutting Package**

This recommendation was put forward by the CSC. The package included the reducing the following:

- Total wage cost – reducing employer's Central Provident Fund (CPF) contribution rate
- Levy for foreign workers – for manufacturing, services and construction industry
- Land and factory rentals
- Charges for services – electricity, telecommunications, port services

- Vehicle related overhead costs – customs duty, petrol/diesel duty
- Government taxes – corporate and personal income taxes.

#### Objective

The objective of the cost/tax cutting package is to help companies compete during the difficult period and minimise further job losses.

#### Target group

All businesses in Singapore.

#### Date of implementation

November 1998.

#### Organisation responsible for implementation

Government.

#### Delivery system

The package was projected to reduce business costs by about S\$10 billion a year, which will be equivalent to about 7 per cent of Singapore's GDP. Using the electronics sector as an indication, the CSC estimated that this will reduce business costs by about 15 per cent.

The Singapore Government accepted the CSC report and announced a S\$10.5 billion cost cutting package. The package included substantial reduction in wages, land rentals and electricity charges.

#### Measurement and evaluation

The cost cutting package amounted to reduction of S\$7.5 billion in labour costs, S\$1.2 billion in taxes, including corporate taxes and property tax and S\$306 million in industrial land rentals. The rest of the cost cutting measures were in the form of transport duties and utilities.