

CHAPTER 4

Maximising the Demographic
Dividend of Mature Employees





MAXIMISING THE DEMOGRAPHIC DIVIDEND OF MATURE EMPLOYEES

In 2018, close to 25% of Singapore’s labour force was aged 55 and above, up from 15% a decade ago²⁵. By 2040, more than one-third of the total workforce is expected to be aged 55 and above²⁶. Life expectancy will be longer.

This report defines “mature employees” as persons aged 55 and older. This is meant to be a guide rather than to be prescriptive – the accompanying observations and recommendations may be applied to all employees experiencing age-related issues and barriers at work.

This demographic shift, along with a declining birth rate, will put immense pressure on society as a silvering and shrinking workforce has to support the costs associated with the transition. By 2030, about 40,000 fewer Singaporeans will enter the workforce each year²⁷. This means businesses will face a manpower shortage, exacerbated by strict access to foreign labour within the current policy

framework. If businesses are unable to find sufficient labour, this could affect their competitiveness.

One critical pool of potential hires is seniors who have retired or left the labour market early. It is important that they rejoin or remain in the workforce as lifespan increases. The employment rate for residents aged 55 to 64 increased from 57% in 2008 to 67% in 2018, while the rate for those aged 65 and over rose from 16% in 2008 to 27% in 2018²⁸. There is more headroom to tap.

But many seniors face barriers at work. According to the MOM’s 2018 Labour Market Report, the percentage of employees aged 50 and above who were retrenched was 36% in 2018, similar to 2017²⁹. Mature employees are also more likely to face challenges staying employed, with many expressing concerns of being replaced by younger staff or by automation.

Older people have a harder time finding new jobs too. The MOM report indicated, for instance, that older PMETs made up the largest group of those who were laid off in 2018. Among them, two groups

– aged 40 to 49, and 50 and above – had the lowest re-entry rates (64.4% and 53.3% respectively). These two groups also spent a longer time on average securing new jobs.

The stereotypes that plague mature employees, such as having poorer physical, mental and cognitive functions affect their prospects³⁰. As ageing is correlated to a slowing of pace, older employees are commonly perceived as being unwilling or unable to adapt to new ways of working or learn new skills.

On the other hand, many employers have also not adjusted their mindsets and workplace practices to meet the needs of a rapidly ageing workforce and

tap the silver brigade’s potential. Only a handful of employers recognised the positive dividend of mature workers, engaging and investing in age-neutral employment practices.

Technology and Demographics: Keeping the Mature Workforce Engaged

An analysis of Singapore’s workforce in 2018 showed that the top three industries with the highest number of mature employees were Wholesale & Retail Trade, Transportation & Storage and Manufacturing³¹. These industries are susceptible to disruption by technology such as blockchain, data analytics and AI.

Employed Residents Aged 55 & Above By Industry, June 2018

Industry	Number in Workforce Aged 55 and Above (Thousands)	% Employed
Wholesale & Retail Trade	90.9	25.8
Transportation & Storage	65.9	33.1
Manufacturing	55.2	24.2
Administrative & Support Services	50.4	42.0
Accommodation & Food Services	49.3	36.7
Public Administration & Education	41.3	13.9
Construction	33.2	31.9
Professional Services	29.7	17.1
Financial & Insurance Services	26.0	13.3
Health & Social Services	24.9	19.8
Other Community, Social & Personal Services	21.4	31.9
Real Estate Services	17.4	32.2
Information & Communications	8.5	9.2
Arts, Entertainment & Recreation	7.2	19.1
Others	6.6	30.7

Source: Comprehensive Labour Force Survey, Manpower Research & Statistics Department, MOM

Businesses will have to devote resources to reskilling and upskilling their staff to keep up. A fast-evolving technology-based workplace tends to favour younger employees, potentially limiting opportunities for older employees struggling to keep pace with the changes. If businesses are unprepared, a mismatch of skills to available jobs, coupled with the reduced employability of an ageing workforce, could have dire consequences for businesses and our society.

Sustaining Economic Growth in Uncertain Times

If Singapore continues to suffer from a dearth of local human capital, it may lose its lustre as an investment destination. This could seriously affect Singapore's prospects for sustained growth.

Unless productivity per employee improves, a smaller labour force will result in lower overall output. This could translate to a lower GDP and a less competitive economy. In addition, the

Government would need to spend more on social needs and raise taxes in tandem.

Many businesses, particularly the SMEs, might not fully appreciate the impact of our ageing population. Changes take time, so those that plan and act early are more likely to survive and thrive.

During the 2019 National Day Rally, Prime Minister Lee Hsien Loong announced the raising of retirement and re-employment ages to 65 and 70 respectively, as well as increases in CPF contribution rates for older employees³². This will help Singaporeans remain active in work for as long as they are able and willing to, while businesses can continue to tap this pool of labour.

However, such moves must be accompanied by efforts to eliminate age discrimination. Progressive employers can anticipate jobs that must be reconstructed to match the knowledge and skills of mature employees to create win-win situations.

RECOMMENDATION 1: STAMP OUT AGE DISCRIMINATION BY CHAMPIONING POLICIES, PROCESSES AND PROGRAMMES THAT HELP MATURE EMPLOYEES TO CONTRIBUTE AND THRIVE IN THEIR WORKPLACES

It is a challenge for older people to find employment again once they lose their jobs. Many businesses seem reluctant to hire older people, as reflected by their lower re-entry rate. Cost is one factor, as hiring mature employees can be more expensive. But age discrimination is usually the main reason.

Ageism and age discrimination were central issues surfaced by mature employees who participated in SBF's focus group discussions. The mature employees cited numerous examples where they encountered employers who have been blatantly ageist while interviewing them for positions. Such rejection bred frustration and led to a loss of

confidence, as the mature employees felt they had been unfairly denied the chance to showcase their abilities.

For those who were employed, many felt their contributions were not valued due to their age. Reaching a certain age also meant they were either forced to resign or compelled to accept lower salaries and a reduction in benefits, as they were placed on short-term contracts. From compilations of existing studies and focus group discussions, four causes and manifestations of age discrimination can be categorised as follows:

Observations from Focus Group Discussions

1. Financial Disincentives



Mature employees in the focus group discussions reported various manifestations of financial discrimination. Their salaries are reduced even though their job scope and working hours stayed the same; the CPF contribution rates by their employers get smaller as they age; their new contracts do not offer medical benefits; and their contracts are short-term, leaving them with greater uncertainty as to whether they will remain employed.

Employers in the discussions were concerned that older employees are a bigger liability than younger staff. Specifically, the employers noted that one mature employee's salary could be used to hire two younger employees.

2. Social Barriers



Mature employees expressed that today's working culture is designed for younger employees with different "skillsets and mindsets". Some were treated with hostility by younger colleagues whom they felt "lack soft skills" because of the emphasis on their qualifications. Some younger co-workers also made them feel like they had nothing in common, and were irrelevant and that they were incompetent.

Older employees also pointed out generational differences in communication styles that inadvertently left them feeling alienated. For instance, they prefer direct interaction while younger staff prefer "impersonal" methods like instant messaging and social media.

3. Education Status



Educational background is also a basis for discrimination during the recruitment process. While tertiary qualifications are often a prerequisite for recruitment, older participants felt that the jobs advertised usually required skills honed from work experience – which they have – rather than paper qualifications – which some lack. Participants who were Chinese-educated also felt they faced discrimination at work due to their poor command of English.

4. Internalised Ageism



The discussions highlighted some degree of internalised ageism. Some stated that age discrimination was something they had to "accept" because they were "less valuable" as compared to their younger colleagues who were "more educated, physically fitter and more technologically savvy". Many also blamed themselves for being "stubborn" and unable to pick up new skills, while others expressed a gradual loss of confidence after being jobless for a prolonged period. While this might be a general sentiment shared by all who were jobless, the loss in confidence could amplify internalised ageism.

Anti-Ageist Policies and Practices: Actions to be Taken Now

Companies that have welcomed older employees recognise their strengths. They are experienced, reliable, loyal and independent. They serve as role models, subject matter experts and mentors. They are also seen to enjoy a good working relationship with their colleagues and exhibit lower levels of absenteeism than younger employees.

Employers should take stock of the strengths, skills and values that mature employees bring to the table, and redesign performance measurements and recruitment frameworks to capture these oft-overlooked attributes. For instance, the years of work experience, level of absenteeism, tenure at an organisation and professional worth of a mature employee should be assessed and recognised accordingly. Performance evaluations that look at both results and attitudes give the silver brigade a fair shot at career progression and the remuneration they deserve.

The Government has put in place policies and programmes to support the creation of a conducive and age-inclusive workplace.

- **WorkPro:** Companies can receive grants of up to \$300,000 to help them implement age management practices (Age Management Grant), workplace and job redesign (Job Redesign Grant) and flexible work arrangements (Work-Life Grant).
- **Adapt & Grow:** Employers receive enhanced rates of training or wage support – up to 90% – for hiring mature and retrenched or long-term unemployed PMET jobseekers, as well as PMET jobseekers keen on reskilling and moving into new occupations or sectors.

- **Revised MediSave and MediShield Life:** Companies that still offer employees Group Hospitalisation and Surgical (GHS) schemes could consider changing their healthcare benefits, with the revised schemes catering to an ageing workforce. For instance, MediShield Life now provides all Singaporeans with lifetime protection against large hospital bills and expensive chronic treatments. This means employers can restructure their medical benefits schemes and provide additional MediSave contributions or other flexible benefits instead. They should also review the MediShield Life plan to eliminate duplicating coverage in the insurance schemes that they offer. Health insurers can work with employers, particularly in industries with a higher percentage of mature employees, to lower insurance premiums and promote wellness practices in the workplace.

In 2018, the Tripartite Alliances for Fair and Progressive Employment Practices (TAFEP) launched the new “Tripartite Standard on Age-friendly Workplace Practices” (TS-AWP)³³ which specifies the following:

- Age is not a selection criterion used when advertising for, shortlisting or selecting job candidates.
- A member of the senior management is appointed to champion age-friendly workplace practices.
- Older employees are trained to perform their jobs effectively.
- Workplace health programmes for older employees are implemented.
- Jobs and workplaces are designed to be age-friendly.

- Older employees who are not at the maximum of their salary ranges and have satisfactory work performance are given annual increments, if other employees are also given annual increments.
- Employees are engaged on re-employment issues at least six months prior to reaching the retirement age, and for any subsequent extension

of the re-employment contract. Employees are offered re-employment contracts at least three months before they are to be re-employed, with a duration of at least one year.

This is a good start for companies that wish to adopt age-friendly policies, processes and programmes.

AN EXAMPLE - RETIRE ONLY WHEN YOU WANT TO

Prudential Singapore became the first financial institution here to remove the company level retirement age for staff in late 2018³⁴.

“If we stop work at 62, we are looking at nearly 40 years of retirement if we live to 100. Such a long retirement period may pose financial challenges should you outlive your savings. A prolonged period of inactivity may also lead to health and social problems,” said Prudential Singapore’s CEO, Mr Wilf Blackburn.

“With this in mind, we decided to scrap the retirement age so that our employees can continue to work in Prudential for as long as they are able to perform their jobs well. We want to empower them to decide when they want to retire, or if they wish to retire at all, rather than specify a work expiry date.”

The insurance company also raised its CPF contribution rate for employees above the age of 55. These older staff can opt to increase their total CPF contribution to 37% – the same as that for younger colleagues³⁵. This comprises 17% from Prudential if they increase their own share of the contribution to 20%.

Prudential also raised medical insurance for its employees to cover them until the age of 100³⁶. This includes hospital and surgical, outpatient medical, and dental expenses.

To support an age-friendly workplace, Prudential has put in place various initiatives such as upskilling and training programmes. These initiatives support career progression within the company or allow staff to serve in the social sector for one year. There are also age sensitisation workshops for younger hires, as well as flexi-work and flexi-hour working arrangements.

RECOMMENDATION 2: REDESIGN JOBS TO MATCH THE PROFILE, NEEDS AND STRENGTHS OF MATURE EMPLOYEES

Employees are anxious about job changes when they are unclear about how exactly their jobs will change or what they need to do to adapt³⁷. Involving employees before revamping jobs offers three benefits:

- Helps employees understand the changes
- Helps businesses change jobs based on employee input so that the adapted roles best fit the employees' skills and ability to contribute
- Gives mature employees a personal stake in the outcome

A potential challenge of job redesign is the fear of losing privileges and/or status³⁸. This is particularly true in traditional work environments, where seniority-related privileges are often earned through tenure. Mature employees who have climbed their way up over the years would understandably oppose job redesign, even when faced with the risk of retrenchment or retirement. These concerns could be alleviated through structured dialogue around career planning and performance targets at key career milestones.

Systematic Training and Upskilling for Industry 4.0

As technology redefines how work is done, the skills required of the workforce will also evolve. It is thus crucial to equip mature employees with relevant skills through regular training. Closing their skills gaps will allow them to continue hitting their job targets and contribute to the business.

Employers could look at customising training courses for older staff and engaging them in structured career-planning sessions at various age milestones. This ensures that their skills and knowledge stay relevant to the evolving economy. Employers can work with SNEF to secure funding for technological upgrades or apply for schemes like the Age Management Grant under WorkPro.

The Skills Framework is a key component of the ITMs, which have been created by employers, industry associations, education institutions, trade unions and the Government. While the Framework offers vital information on the job roles, the existing and emerging skills required, and a list of training programmes for skills upgrading and mastery, the Framework would require contextualising for mature employees.

For starters, the training roadmap for the three industries which are the biggest employers of mature employees – Wholesale Trade and Retail, Manufacturing, and Transport and Storage – can be adapted for older staff and jointly worked out by the relevant companies, industry associations and SSG.

Company Training Committees (CTCs), set up by NTUC to identify the areas of training and skills that workers need to keep up with industry transformation, can also customise the training roadmap for older workers by analysing and addressing specific skills gaps faced by this group and future senior cohorts. NTUC aims to set up CTCs in some 1,000 companies over the next three years, with the potential to benefit 330,000 employees, of which a sizeable number will be seniors.

Reverse Mentoring

Mentoring is common in the corporate world, where a more experienced or senior employee guides a younger one. The mentee gets an opportunity to learn from an industry veteran on how to adapt to a new workplace culture, and gain insights and wisdom on career-related matters. What is less common is reverse mentoring. MNCs such as Bayer, Procter & Gamble and many others have adopted reverse mentoring, where mature employees learn from their younger colleagues instead about new technology and trends, as well as the values and viewpoints of the younger generation. In the process, younger employees feel empowered and trusted.

Reverse mentoring enables younger employees to assist their seniors. Such programmes have been shown to:

- Boost millennial retention
- Improve diversity and inclusion
- Help employees keep abreast of technological advancement ³⁹

Mature employees often feel overwhelmed by their inability to keep up with technology. But with proper guidance, they can harness new technologies to work in their favour. Both the young and old should respect and accept each other for reverse mentoring to work. Pairing mature employees with younger colleagues allows for an exchange of knowledge and experience, which can help bridge certain skills gaps.

The SBF Foundation, as the foundation of the business community, will promote and facilitate the adoption of reverse mentoring among companies in Singapore. Successful matching is critical to establishing a rewarding mentor-mentee relationship.

The Foundation hopes to partner Trade Associations and Chambers to co-create matching guidelines and identify pilot companies to kickstart the reverse mentoring initiative. The Foundation will also reach out to early adopters to come onboard as champions to inspire other companies to take the first step. All companies with existing mentoring programmes should consider widening them to include reverse mentoring, with similar objectives of bridging understanding and facilitating knowledge and skills transfer in a multi-generational workforce.

AN EXAMPLE – CREATING A FRIENDLY WORK ENVIRONMENT FOR MATURE EMPLOYEES

When reviewing its manpower needs for the coming years amid a manpower crunch, TMF Singapore turned to an untapped pool of skilled expertise – seniors.

TMF Singapore, the Singapore branch of multinational professional services firm TMF Group, teamed up with the Centre for Seniors (CFS). The firm sent its hiring managers to CFS-organised workshops where they learnt about the benefits of hiring mature talent.

Following that, networking sessions were organised by CFS to link hiring managers from TMF Singapore to mature candidates who were assessed on their suitability for positions within the company.

Finally, to foster a friendly working environment for mature employees, TMF Singapore conducted a networking session with CFS for younger employees internally as well, to educate them on how to leverage the experience of mature employees. Certain jobs were redesigned and staggered working hours were provided to allow older staff the flexibility to spend time with their grandchildren.

The company also engages mature employees in conversations about career aspirations and progression, and provides online courses on soft skills and face-to-face technical job training, to promote a culture of learning.



“In hiring, we don’t look at age, but a person’s attitude. Older staff are also very responsible, loyal and stay longer with the company,” said Ms Siaw Kim Leng, TMF Group’s Managing Director for Singapore. “It is important to have a balanced workforce with fresh graduates and mature employees so that they bring different perspectives and help us make better decisions.”

Today, about 15% of the employees at TMF Singapore are aged 50 and above. The company plans to work with CFS to hire and support more mature employees.

CFS aims to work with other employers to modify work processes, scope out flexible work arrangements and review specific requirements in the job descriptions so that the work can be better suited for this age profile. Several job roles have been identified for this project:

1. Transport Concierge – Accompany seniors to their medical appointments either by public transport or specialised wheelchair vehicles.
2. Care Associate – Support and befriend seniors in day-care centres or nursing homes, conducting programmes or personal care activities for them.
3. Facility Associate – Perform roles of maintenance, security or facility support in the various care institutions.
4. EduCarer Assistant – Help monitor the safety of children, prepare meals, and organise mealtimes and snacks for children. Also perform basic caregiving activities such as bathing the children, and changing the diapers of infants and toddlers.

CFS will support the profiling and training of mature employees performing these job roles and help place them in various organisations. This project aims to add six new job roles to the Community Care and Early Childhood Education Skills Framework within 36 months.

ENSURING OLD IS INDEED GOLD

In this age of technological disruption and economic uncertainty, businesses need to be proactive in developing win-win solutions and addressing concerns over manpower constraints. The findings and recommendations outlined as actionable steps in this report should prepare businesses to tackle future challenges by tapping or retaining mature employees. In summary, businesses should:

- Identify the strengths of their mature employees and redevelop jobs to capitalise on the mature employees
- List the changes, disruptions and/or transformations that might occur in the next

five years. This is especially so for companies in the top three sectors where the bulk of the employees are mature

- Identify skills gaps in job functions of mature employees and put in place suitable training programmes

By implementing anti-ageist measures and adapting jobs to maximise the strengths and abilities of mature employees, the business community can help itself by building a more inclusive and sustainable workforce.