

# CHAPTER 1

## Executive Summary

## EXECUTIVE SUMMARY

The Singapore economy – the very bedrock of our society – is facing challenges. Rapid advances in technology are fundamentally changing how jobs are done at breakneck speed, causing a mismatch between the skills of our workforce and the jobs available.

The rising life expectancy of Singaporeans, coupled with a declining birth rate, are also putting immense pressure on society as a silvering and shrinking workforce struggles to support an ageing population. And all these are exacerbated by a group of low-wage employees whose wages seem stagnant.

At the heart of the situation is an issue that Singapore cannot be complacent about – income inequality. As the gulf between the skilled and unskilled, the young and old, and the rich and poor widens, such disruptions will worsen if not adequately addressed.

This multifaceted problem cannot be resolved just through government policies and initiatives. It requires the strong support and commitment of the business community and many other stakeholders.

As businesses form the backbone of the workforce and the economy, this report aims to inspire businesses to take action, providing recommendations on how to keep Singapore's business environment vibrant and competitive. In particular, this report zooms in on three groups of people who are most at risk: the elderly, the less well-off, and PMETs who are vulnerable to job displacement. Here are our recommendations.

### PMETs

Caught in the middle of technological disruptions, this group takes longer to find new jobs, and faces the largest skills gap compared to other

occupational groups. But businesses must play a role to help PMETs ride the technology wave. This will plug the capacity gaps in businesses and improve their competitiveness.

Many PMETs may opt to enter the gig economy, which is fuelled by technology-enabled platforms that allow for demand to be matched to supply in a sharing economy. Today, the gig economy is a fledgling development. Our emphasis is to offer support infrastructure to these employees, which is available to those in full-time employment. In the future, we expect the gig economy to expand to include many high-skilled jobs. This will provide opportunities to develop platforms that organise high-skilled professionals.

**Recommendation 1:** Businesses to take greater ownership of upskilling the PMET workforce

Training has always been costly for businesses, which results in a reluctance to invest in human capital. Such short-term thinking should stop, as there is a suite of resources to provide training guidance and financial assistance for employers. The resources include industry-related training programmes and grants that help to offset some of the costs incurred from training and innovation, as well as productivity and overseas expansion.

Businesses need to be proactive and take the lead in identifying the relevant job disruptions to develop a training and transition plan for reskilling their workforce. The Human Resource (HR) community, in particular, can play a major role in this effort.

**Recommendation 2:** Develop platforms to match high-skilled professionals to gig work

There is a business opportunity to aggregate high-skilled gig work in an online marketplace, with support infrastructure such as accreditation, insurance, legal protection, as well as training and development in place. This model offers gig

professionals a viable and empowered livelihood through freelancing, and provides companies or individuals in need of such services access to a trusted and talented group of professionals to meet their business or individual needs.

## Mature Employees

By 2040, one in three employees will be aged above 55. Compared to 2018, there will be about 40,000 fewer Singaporeans entering the workforce each year from 2030, made worse by tight foreign labour policies. It is hence critical to tap seniors who have retired or left the labour market early.

**Recommendation 1:** Stamp out age discrimination by championing policies, processes and programmes that help mature employees to contribute and thrive in their workplaces

Singapore's population will live longer and in better health. Employers should take stock of the strengths, skills and values that mature employees bring to the workforce, and redesign performance measurement and recruitment frameworks to capture these attributes that tend to be overlooked. 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.

**Recommendation 2:** Redesign jobs to match the profile, needs and strengths of mature employees

As technology redefines how work is done, jobs can be redesigned to suit the mature workforce. It is also crucial to equip mature employees with relevant skills through regular training. Employers could look at customising training courses for older staff and engaging them in structured career-planning sessions at various age milestones. A reverse mentoring system, where mature employees learn from their younger colleagues instead, could also help them learn about new technology and

trends, as well as the values and viewpoints of the younger generation.

## Low-Wage Singaporeans

There is a group of employees in Singapore who may not be able to progress in tandem with economic growth due to the nature of their work. This group of employees typically delivers services that are essential to daily living comforts in an urban city but is often taken for granted. Apart from low wages, this group faces other associated pressures, including low morale, lack of belonging and community, and stagnant skills. Businesses ought to take steps to adopt progressive workplace practices, and help low-wage employees progress in their jobs.

**Recommendation 1:** Select socially responsible vendors in outsourcing arrangements – shift from pure cost considerations towards outcome- and value-based sourcing

Outcome-based sourcing is defined as procurement based on the premise that the supplier is contracted to directly achieve agreed outcomes and performance for the business, rather than being contracted in terms of delivery of the supplier's inputs. This and other aspects of outcome- and value-based sourcing, including defining prerequisites for tender eligibility and longer contract tenures, ensure that fair value is paid for quality work and minimises the margin squeeze on service providers and their employees.

**Recommendation 2:** Transform jobs by changing work processes through innovation to enlarge job scopes, raise wages and provide better career progression

Combining a number of low-wage jobs, which are increasingly simplified through technology, allows service providers to increase the productivity of employees and reduce overall headcount

requirements. This leads to better margins, which can be transferred to employees in the form of wage increases. Job enlargement could also provide broader and more varied job responsibilities, which could improve job satisfaction, build a multidisciplinary workforce for growth, as well as change the categorisation and perception of the job, thus improving the branding of identified industry sectors.

## CONCLUSION

Inequality is a broad and complex topic. It can only be tackled comprehensively through economic and moral lenses. Economist Branko Milanovic asserts that “there is ‘good’ and ‘bad’ inequality, just as there is good and bad cholesterol”. “Good” inequality, which he defines as inequality of factors such as effort, work and luck, motivates people to study and work hard or start risky entrepreneurial projects. But “bad” inequality, which stems from factors which one has no control over, such as race, gender and family background, can lead people to cling on to acquired positions.

This report lays out pathways that businesses can take to make meaningful contributions to the communities they operate in, and in doing so, help their business thrive. It recognises that more must be done beyond this report and calls on companies to pledge their support and action. SBF will establish a Programme Office to oversee the progress of the recommendations in this report, and also to rally businesses, including Trade Associations and Chambers, to action. It will also explore collaborations with the Government, social sector and academic institutions.

The various chapters in the report also highlight actions that businesses can take immediately, as well as suggestions for those who want to go the extra mile. In addition, examples of companies that have taken action as well as lighthouse projects will hopefully have a signal effect on other businesses that will look to them for inspiration.

Ultimately, it boils down to having the will to act. The steps that businesses take can have a powerful impact on narrowing income inequality and improving the economy and society. Companies should no longer say “it is not my business”. In this age where organisations are assessed by environmental, social and corporate governance (ESG) factors, businesses that adopt sustainable corporate practices that will benefit both staff and stakeholders can better secure long-term relevance and profitability. Socially conscious and responsible companies have consistently enjoyed long-term success.