

SINGAPORE

Public Policy

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This policy brief discusses employment laws in Singapore, with a particular focus on policies related to the employment of older workers, as it relates to the dimensions of the Quality of Employment Framework. Rather than discussing all employment policies, this brief will highlight the most significant legislation in order to provide a general introduction to current policies as they relate to quality of employment in the Singapore.

This brief includes four sections:

- An in-country policy context that introduces the reader to the policy background of Singapore.
- A discussion of the dimensions of quality employment, providing an overview of the major public policies affecting each dimension. The following matrix represents factors that impact the quality of employment. In Singapore, the government has substantial control over the country and, as such, the policies that have been put in place will strongly influence how these factors are fulfilled. This brief discusses seven components in this matrix. Out of the seven, one component, Culture of Respect, Inclusion, and Equity is based not on legislation but on soft laws and guidelines that the government has introduced. The component Opportunities for Meaningful Work is omitted because it is not legislated in Singapore.
- Older Workers in the Singapore Economy: State Reactions, Policies, and Implications highlights the efforts and strategies of the Singapore government to make older workers more attractive to employees as well as policies and programs the government has pursued to encourage employers to hire older employees. This section also will examine the changes to and effectiveness of certain policies pertaining to the employability of older workers.
- A brief conclusion on the implications of policy for quality of employment in Singapore.



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This brief uses the Quality of Employment Framework to discuss the effect of public policies in Singapore.

IN-COUNTRY POLICY CONTEXT

Singapore is a small island on the tip of the Southern Malay Peninsula in Southeast Asia. A colony of the British Empire since 1819, it first acquired independence in 1963 through a merger with Malaya, Sarawak, and Sabah to form the Federation of Malaysia. Singapore gained sole independence on August 9, 1965 when it was forcefully ejected from the Federation as a result of disparate political views and deep-seated tensions between leaders of Singapore and Malaysia. The city-state occupies an area of 710.2 square kilometers (274.2 square miles).¹ The structure of the Singapore government is modeled after the parliamentary republic system.

Since 1965, the People's Action Party (PAP) has been the dominant political party, and the government is essentially a single-party dominant government.² The PAP routinely uses litigation, censorship, control of the media, and gerrymandering in order to suppress the opposition.² As such, opposition parties are weakened and thus not of immediate threat to the PAP. This allows the PAP to set policies and laws consistent with its rationale without much opposition. The National Trade Unions Congress (NTUC) is the sole trade union center in Singapore and is pro-PAP. Relations between the NTUC and PAP are very close, often resulting in members holding offices in both organizations at the same time. The current Secretary General of NTUC, Lim Swee Say, is also the Minister of the Prime Minister's Office in Singapore. Under the Industrial Relations Act, strikes and work stoppages are illegal and curtail the method of collective bargaining employed by trade unions. The purpose of the trade union, according to the State, is not so much to safeguard the rights and welfare of the workers but rather to preserve economic stability so as to attract investors and increase economic growth, even if policies might be at the detriment of employees.³

The Employment Act in Singapore covers workmen (defined as employees involved in manual labor; full details in the Employment Act First Schedule). All executives and managers earning above S\$2500 per month (approximately US\$1700) are not covered under the Act. However, executives and managers earning below S\$2500 are covered only under the salary protection provision of the Act. Under part IV of the Act, which details rest days, working hours, and other conditions of service, workmen earning below S\$4500 per month (approximately US\$3000) or executives earning below S\$2000 (approximately US\$1000) are covered under this provision.

Most employers and employees have to contribute to a compulsory pension system under the Central Provident Fund (CPF)⁴, which is managed by the State. CPF is then invested by the State, with the annual yield ranging from 2.5% to 4.0%.⁵ Under the Central Provident Fund Act, contributions are made every month into an employee's CPF account, and these contributions are further divided into 3 sub accounts that can be used for healthcare, retirement, and loans (such as housing and education) purposes. This amount is dependent on the employee's age and salary, with workers earning below S\$1500 (approximately US\$1000) contributing a nominal sum to their CPF. Workers beyond the age of 55 also have decreased contributions, a policy designed to encourage employers to hire older workers. Employees can withdraw their CPF monies once they reach age 55.

Today, the Singapore economy is facing a serious shortfall of manpower, as the Total Fertility Rate (TFR) continues to fall below replacement level and the aging population continues to grow. The government has attempted to resolve this issue using several approaches:

- 1) using incentives to encourage educated women to give birth and have more children,
- 2) increasing the age of retirement from 62 to 65,
- 3) developing a fund for programs that train older workers to increase their viability in the economy,
- 4) encouraging migration into Singapore.

In the 1970s, the State established the Skills Development Fund (SDF) to provide for the training needs of workers.⁶ In recent years, the emphasis of the SDF has shifted to retraining older employees and retirees in an effort to encourage workers to postpone retirement. In 2012, the State intends to enact the Retirement Act, which will increase the age of retirement to 65 as well as legislate the hiring of older workers.

Among legal acts, the following, among others, may be cited:

- Employment Act
- Employment of Foreign Manpower Act
- Central Provident Fund Act
- Skills Development Levy Act
- Industrial Relations Act
- Retirement Age Act
- Re-employment Act

POLICY OVERVIEW

DIMENSIONS OF QUALITY EMPLOYMENT



➔ Indicators of Fair, Attractive, and Competitive Compensation & Benefits

Employees' basic economic needs are secured, and fair and equitable distribution of compensation and benefits among employees is promoted.

Overview

Singapore has a number of policies that regulate the number of hours worked, overtime pay, and annual leave under the Employment Act. It should be noted that the Employment Act only covers workmen and does not cover executives and managers, unless stated in certain provisions.

Minimum Wage

There is no minimum wage in Singapore; wages are at the discretion of employers. The National Wages Council under the Ministry of Manpower provides guidelines and recommendations on wage increases or wage cuts each year.

Annual leave

Section 43 in the Employment Act addresses the annual leave conditions for workmen earning below S\$4500 per month. Under 43(1), an employee who has worked for an employer for a minimum of 3 months “shall be entitled to paid annual leave of 7 days in respect of the first 12 months of continuous service.” Proportional annual leave is given for employees who have worked more than 3 months but less than 12 months for the same employer. An additional one day annual leave is to be provided for every additional 12 months that the employee has worked for the employer, up to a maximum of 14 days. Under sub-section 43(6), the employee must take leave within the 12 months after his first continuous 12 months of service to the employer, after which he is no longer entitled to the annual leave accrued for that period.

Maternity protection and maternity leave

Under Section 76 of the Employment Act and Part III of the Children Development Co-Savings Act, every lawfully married female employee is entitled to 16 weeks of maternity leave. Out of the 16 weeks, the employer will pay eight weeks of the gross salary of the employee while she is on maternity leave. The following eight weeks will be funded by the government, capped at S\$20,000 per birth. For the third and subsequent births, the government will fund the full 16 weeks, capped at S\$40,000 per birth. However, women who are not lawfully married or whose child is not a Singapore citizen are not eligible for the maternity leave. Female employees who do not meet the above criteria but who are covered under the Employment Act are eligible for 12 weeks maternity leave, in which eight weeks are to be paid by the employer (Section 9A(1C) of Children Development Co-Savings Act).

Social Security

It is compulsory for employers and employees to make a monthly contribution to an employee’s Central Provident Fund (CPF) account. The amount is dependent on the employee’s salary; with nominal contributions for employers and employees if the salary of the worker is below S\$1500 per month (full breakdown of exact contributions can be found under the CPF Contribution Rates on the Central Provident Fund website).⁸ This, however, implies that workers in the low-income brackets will not have a pension when they retire, which makes retirement stressful and may cause them to live in poverty. As there are no unemployment benefits and little social welfare assistance, the poorest are thus faced with a difficult situation in older age. Average contributions to an employee’s CPF account are approximately 34.5% or a maximum of S\$1552.20 for the employer and 20% or a maximum of S\$900 for the employee. Contributions starts to decline once employees hit the age bracket of 50–55, with employer contributions decreasing to 28.5% or a maximum of S\$1282.50, while employee contributions decline to 18% or a maximum amount of S\$810.⁸ The amount continues to decline as employees’ age, thus encouraging employers to hire older workers.

Childcare Leave

Both the Employment Act and the Children Development Co-Savings Act address the need to provide childcare leave for parents. Section 87A of the Employment Act allows an employee to take up to two days each year per child until the child reaches age 7. Moreover, parents are “entitled to no more than 14 days of childcare leave in respect of any child.” Employers will pay the gross rate of pay for each day of childcare leave that the employee has taken.



➔ Indicators of Opportunities for Development, Learning, & Advancement

Job skill development and advancement are promoted for employees of as many industrial sectors, employment statuses, and life/career stages as possible.

Workforce Training Funding and programs

The Skills Development Levy (SDL) Act was introduced in 1979 to encourage employers to upgrade the skills of their employees. Under the SDL Act (Cap 306), which went into effect October 1, 2008, employers must contribute either 0.25% of an employee’s salary (capped at S\$4500) or S\$2, whichever is higher, into a Skills Development Fund (SDF). The SDF provides a series of incentives to companies to upgrade the skills of their workers, such as funding for accredited training programs for employers. The Singapore Workforce Development Agency (WDA) was set up to retrain and upgrade the skills of Singapore workers so as to remain competitive.

The programs and benefits the WDA offers includes: ⁹

- Lifelong Learning Endowment Fund
- Professional Skills Programme (for Executives & Managerial Staff)
- Job Placement Programmes
- Skill Upgrading Programmes
- Career Scholarships
- Job Re-creation Programme
- Subsidized course fees for employers
- Grants for employers who provide certified training

Re-employment Act in 2012

In order to address the issue of the aging population and the shortage of skilled labor, the Singapore government intends to implement the Re-employment Act in 2012, which aims to make it mandatory for companies to hire older workers and to provide the companies with the resources to adapt to an aging workforce. The ADVANTAGE! Scheme¹⁰ has been introduced to prepare employers for the legislation in 2012. This program provides a financial grant for companies to implement HR and working-environment changes to meet the initiatives of the Re-employment Act. The scheme also partners with other governing agencies in Singapore to provide companies with training programs on how to implement these practices.



➤ Indicators of Wellness, Health, & Safety Protections

Protection of employees' safety and health at their worksite is mandated, and their physical and mental well-being is promoted. In case of job-related injury or illness, compensation or other forms of social protection are offered in an accessible manner.

Working Hours

The stipulated working time under the Employment Act is set at 44 hours per week or eight hours in one day. [(Section 38(1)(b)]. However, an employer can extend the number of hours worked in certain circumstances, for example when the work is essential for defense or security, all of which is fully delineated in Section 38(2). Employers are required to provide employees with a period of leisure when an employee has worked six consecutive hours. An employee “shall not be permitted to work overtime for more than 72 hours a month.” (Section 38(5)) Employees also are entitled to one rest day in each week, which shall be Sunday or any other day as determined by the employer.

Minimum age and protection of young workers

The minimum age of employment is set at 16; youths age 15 and below are considered children or young persons. The employment of children and young persons in Section 67 and 68 of the Employment Act stipulates that:

- 1) A child may be employed in an industrial undertaking in which only members of the same family are employed; and
- 2) A child who is 13 years of age or above may be employed in light work suited to his capacity in a non-industrial undertaking.

There are no minimum rates of salary. However, if it is brought to the attention of the Minister that the wages of certain employees are insufficient, the Minister has the right to prescribe minimum rates of salary. (Section 71)

Sick leave

An employee who has worked for an employer for a period of six months is entitled to 14 days of sick leave or, if hospitalization is necessary, the lesser of the following: “60 days in each year, or the aggregate of 14 days plus the number of days on which he is hospitalized.” (Section 89 of EA) Employees who have worked for a period of three months with the employer are entitled to five days of sick leave or, if hospitalization is necessary, 15 days in each year or the aggregate of five days plus the number of days on which he is employed Further subsections and stipulations are delineated in Section 87A.

Retirement Age

The current minimum retirement age is 62 under the Retirement Age Act (RA). Employers do not need to pay employees retirement benefits unless it is specifically stated in a contractual agreement. In a bid to encourage employers to continue hiring older employees, employers are given the discretion under the RA to reduce the wages of employees by up to 10% when extending their employment beyond 60. Sub-section 5(5) of the RA states that reduction in wages must not be based only on age, but must also be based on other factors, such as reduced job responsibilities and productivity. The penalty for violating this legislation is either a S\$5000 fine or 12 months imprisonment.

Workplace Safety and Health

The Workplace Safety and Health Act was introduced in 2006 in a bid to promote a “safety culture” in the workplace. It replaces the previous Factories Act and covers factories, shipyards, and construction worksites. Under the Act, employers are expected to take certain measures to ensure the safety and health of their employees. A workplace safety and health auditor must be appointed by the employer. This person has the responsibility of auditing the factory for safety and risk-assessment issues. An individual who contravenes the Act can be held liable for up to two years imprisonment or a fine of S\$200,000, while a company that violates the Act is liable for a fine of up to S\$500,000.

In conjunction with this Act, the Work Injury Compensation Act was introduced in 2008 (to replace the former Workmen’s Compensation Act). This Act covers all employees in general, regardless of their level of earnings. Under the Act, compensation is stipulated according to the type and degree of injury. Medical expenses incurred within one year from the date of accident are capped at S\$25,000. Medical leave wages are capped at 14 days for outpatient treatment and 60 days for hospitalization. Beyond these two periods, two-thirds salary is payable for up to a year from the date of the accident.¹¹ In severe cases, such as permanent disability or death, the following table illustrates the lump sum payment under the Compensation Act.



➤ Indicators of Opportunities for Meaningful Work

Opportunities for meaningful or fulfilling employment are promoted through facilitating appropriate job-skill matches, self-realization through occupation, or community participation away from routine work.

This dimension is omitted because it is not the focus of legislation in Singapore.

	Limits	Amount
Permanent Incapacity	Maximum	S\$180,000 x % loss of earning capacity
	Minimum	S\$160,000 x % loss of earning capacity
Death	Maximum	S\$140,000
	Minimum	S\$47,000



➤ Indicators of Provisions for Employment Security & Predictability

Stable provision of employment opportunities for job seekers is promoted, clear communication of terms of employment is facilitated, and protecting job security of the employed is a policy objective.

Termination of contract

The terms of termination of contract by employer or employee stipulates that either party is to give notice prior to termination. The length of the notification period is dependent on the length of the individual's employment with the employer. To illustrate; an employee who has worked for more than two years but less than five years is required to give two-weeks notice. (Section 10 of the EA) Should either party wish to terminate the contract without notice or if they wish to terminate without waiting for the expiry of the notice, they would have to pay the other party "a sum equal to the amount of salary at the gross rate of pay which would have accrued to the employee during the period of the notice."

Payment of salary

The payment of salary, overtime, and the calculation for overtime payment is stated under Part III Section 20 through 34 of the EA. Computation of salary for a monthly-rated employee also is defined under the EA. Given that the EA covers only workmen (manual laborers), this clause is important as it is more likely that these workers are on monthly-rated employment/short-term contractual work as opposed to long-term employment.¹² Salary payment must be made before the expiry of the seventh day after the last day of the salary period. Should an employee be dismissed, his salary must be paid to him in full on the day of his dismissal, or if this not possible, within three working days after he has been dismissed.



➤ Indicators of Workplace Flexibility

Availability and utilization of flexible work options are promoted for employees of various life stages through increasing their control over work hours, locations, and other work conditions.

Flexible Work Schedule

In 2004, the EA was amended to make provisions for flexible working schedules. The Act now allows companies to apply for exemption from the statutory provisions in the EA on overtime, rest day, and public holiday work so that they can operate on flexible schedules. In the Ministry of Manpower's press statement, the rationale for such a move was to allow companies to maintain productivity and increase job security through the lessened likelihood of retrenchment: "Flexible work schedules would give companies greater flexibility on scheduling their working hours to optimize their manpower resources, thereby enhancing productivity and competitiveness in a globalised economy. Workers would also benefit from the implementation of flexible work schedule as there would be a lower risk of retrenchment during lull periods."

The Singapore government has not actively pushed for legislation on allowances for flexible working schedules, but rather has taken a soft approach by encouraging firms to adopt flexible hours as part of their "work-life balance" aim, in order to resolve the issue of falling fertility rates and a growing aging population. A S\$10-million (approximately US\$7 million) Work Life Works! (WOW!) Fund was introduced in 2004 to provide grants to employers to defray the costs of family-friendly benefits.¹³



➔ Indicators of Culture of Respect, Inclusion, & Equity

Diversity in the workforce and inclusion of less-advantaged populations are promoted, and equity in work conditions is pursued.

Overview

In Singapore, there are no anti-discrimination laws or laws in place to protect employees based on gender, race, or disability. Instead, the government has published and promoted a series of guidelines on discrimination and hiring practices. Compliance is left to the discretion of the employer.

Tripartite Alliance for Fair Employment Practices

The Tripartite Alliance for Fair Employment Practices (TAFEP) was founded in May 2006 as a joint alliance between the Singapore National Employers Federation (SNEF), the Singapore Business Federation (SBF), and the National Trades Union Congress (NTUC). Its aim was “promote non-discriminatory employment practices and

to shift mindsets among employers, employees and the general public towards fair employment practices for all workers.”¹⁴ It has published a fair number of guidelines and handbooks in collaboration with the Ministry of Manpower on employment and hiring practices for older workers and also provides advisory services to employers who wish to make their human resource policies more age positive and friendly. Workshops and seminars on employment practices also are held regularly throughout the year.

Fair recruitment practices

The Ministry of Manpower has published a series of guidelines, such as the Code of Responsible Hiring Practices and Non-discriminatory Job advertisements. The Non-discriminatory Job advertisement guidelines state that issues of religion, gender, age, and race are generally not to be mentioned. (In certain instances where the job scope requires the employee to fulfill religious functions, then is it permissible for the employer to state the requirements clearly.) The Code of Responsible Hiring Practices delineates methods to be used in order to avoid discrimination in the hiring process.¹⁵ However, since this is not legislated and at the discretion of the employer, it remains to be seen if employers will adopt these guidelines as part of their firm’s policies.

Age-friendly employment practices

In view of its aging population, the government has attempted to encourage firms to hire older workers as well as to make older workers remain relevant and valuable as employees. In 2006, the Workforce Development Agency of Singapore released a Guide on Age Friendly Employment Practices as part of this aim.



➤ Indicators of Promotion of Constructive Relationships at Work

Employer-employee frictions and conflicts are mitigated, and constructive workplace relations are facilitated.

Overview

In Singapore, there is no legislation on constructive relationships at work. The largest trade union, the NTUC, is affiliated with the dominant political party, the PAP. With the exception of six unions, the remaining 62 unions are all affiliated with NTUC.¹⁶ And as noted previously, several members of the PAP and NTUC hold offices in both organizations concurrently. As a result, the bargaining rights of workers is questionable, given that NTUC is, to a certain extent, controlled by the government and therefore more concerned with the economic health of the country than the interests of workers.

In 2007, the Singapore Tripartite Forum was formed by the Ministry of Manpower (MOM), NTUC, and SNEF. It seeks to provide a platform for government (MOM), unions (NTUC), as well as employers (SNEF) to work together and seek a common resolution. Among the key Tripartite Initiatives are:

- Re-employment of Older Workers
- Women Back-to-Work
- Managing Excess Manpower
- National Wages Council
- Wage Restructuring
- Work-Life Harmony
- Portable Medical Benefits
- Responsible Outsourcing
- Fair Employment

The National Wages Council (NWC), initially formed in 1972, is now under the purview of the Tripartite Forum as well. Its aims are to formulate wage guidelines in line with long-term economic growth, because high wages or wage expectations might dampen Singapore's investment climate and adversely affect its economic progress. According to the NWC, the guiding principle for its wage recommendations is that "wage increase should lag behind productivity growth. This is to ensure that wage increases are in line with economic growth and sustainable in the long run, so that Singapore's competitiveness can be preserved and enhanced."¹⁷

CONTEXTUAL FOCUS:**THE LAW CONCERNING STABILIZATION OF EMPLOYMENT OF OLDER PERSONS***Overview*

Singapore has one of the fastest-aging populations in Asia, and the government has to face the challenge of developing policies to accommodate the age shift.

According to the Singapore Census of Population 2000, older Singaporeans (aged 65 and above) made up approximately 7.3% of the population in 1999. That segment is projected to grow to 19% of the total population by 2030. In absolute figures, this is an increase from 235,000 to 796,000 elderly. The oldest old population (defined as those aged 85 and above) is the fastest-growing age group at 6.1% per year. The life expectancy at birth for the population is 78.2 years for men and 82.9 years for women.¹⁸

The aging population count was primarily caused by the declining fertility rate, which began in the 1970s. In the 1960s, the fertility rate was approximately six children per female. In a bid to discourage overpopulation, the Singapore government embarked upon an aggressive campaign to reduce total fertility rate (TFR).¹⁹ This campaign, which was implemented from the 1960s through the 1980s, was highly successful, as TFR declined steadily over the years.

However, the campaign proved to be too successful—by the 1980s the population was not reproducing enough to replace the population. As a result, the government has reversed its population-planning policy by encouraging Singaporeans to have three or more children if they have the financial capability to do so. A series of incentives and financial schemes also have been introduced to encourage women to give birth. Regardless, these policies have not yet met with success as TFR continues to decline steadily. The current TFR is 1.29, which is below the 2.21 TFR required for population renewal.

The declining TFR coupled with the rising aged population increases the old-age dependency ratio. The number is estimated to increase from 9.8 working persons per elderly person in 2000 to a ratio of 3.5 working persons per elderly person in 2030.¹⁹ This raises several implications, including the financial security of the elderly upon retirement and appropriate housing and healthcare required to cater to their needs. In an Inter-Ministerial report on aging in 1999, six areas were highlighted as the focus for policy development for the elderly:

- Employment and employability
- Housing and land use policies
- Financial security
- Social integration of the elderly
- Healthcare
- Cohesion and conflict in an aging society

With an increasingly scarce labor population and the above concerns for the growing aged population, the government has been increasingly relying on foreign labor; currently, foreign labor accounts for 33% of the work force.¹⁸ However, this increasing reliance on foreigners may threaten the socio-political landscape of Singapore, and as such the government is taking steps to encourage women and older workers to participate in the labor force as well as to increase their employability. The following section of the paper will discuss and critique government policies and changes on the Retirement Age Act, Re-employment Act, and their retraining programs for older workers.

Changes to the Retirement Age Act

The Singapore government has been facing issues of age discrimination by employers on older workers. In the late 1970s, the NTUC noted that, despite rapid economic growth and the need for more workers, some employers were still treating older workers as expendable. Based on an analysis of employers' human resource strategies,²⁰ the government found employers engaged in the blatant practice of retrenching older long-term employees and hiring new workers on lower salaries. Given such practices, NTUC felt that appealing to employers to voluntarily increase the age of retirement was impossible. NTUC thus urged the government to increase the retirement age from 55 to 60, as this would provide a 12 percent increase in the work force in 1991, thus accounting for the labor force shortage. A consultation with employers and the Labour Ministry proved that this act would be unwelcome, as most firms preferred the flexibility of retrenching older workers should they be less productive. As such, in 1982 the Ministry announced it had no plans to follow through with the legislation. However, with the absence of legislation, most companies continued to retire workers at age 55 and these employees found it hard to gain new employment. Following the results of a Labour Force Survey by the Ministry in 1988, the government decided to increase the age of retirement to the age of 60 by 1991, giving employers three years to make the necessary changes to accommodate this legislation. In 1999, under the Retirement Act, the government raised the retirement age to 62, and in 2010 the age of retirement will increase to 65.

Wage Reduction in Retirement Age Act

Employers are allowed to cut the wages of employees by up to 10% once they have reached the age of 60. According to the RA, the cut must be related to issues of productivity and/or output, and should not be related to age alone. Should an employee feel that he or she is unfairly dismissed, he/she can either write to the Ministry of Manpower within one month to request that the job be reinstated or sue the employer. Given that the costs of legal proceedings are prohibitive, and that there is no provision for class actions in Singapore, lawsuits are not common. This leaves the Ministry of Manpower as the only viable option for reinstatement. However, reinstatement may be problematic since the discord between employer and employee as a result of the complaint may make it the employee's return to service untenable. Moreover, the Ministry only acts as a mediator in cases where employees are dismissed and does not cover other cases of unfair treatment, such as unfair reduction of wages. Since it is unlikely for employees to seek legal restitution and there are no affordable, viable alternatives for protecting a workers' interests, this places workers at a disadvantage when facing unscrupulous employers.

Introduction of Re-Employment Act

In tandem with the projected increase of age of retirement to 65 in 2012, the government intends to introduce the Re-employment Act, which makes it mandatory for employers to hire older workers as well as to have HR systems in place to accommodate the needs of older workers. In a sense, this act serves as legislation towards anti-discrimination for older workers. Prior works by Patrickson and Yaw on age discrimination have suggested that the government's soft approach in the past—consulting employers and leaving it up to companies to formulate policies for older workers—have resulted in few changes to the state of older employees' working conditions and opportunities for employment.

Introducing legislation also serves as a clear government stance with regards to hiring discrimination towards older workers by employers. However, given that the Singapore economy is highly dependent on foreign investment, it has to be cautious in instituting unpopular legislation with employers. To that end, the government has introduced funding and training programs to prepare companies for the institution of age-friendly employment and employment conditions. Given that the legislation will not go into effect until 2012, this also gives firms ample time to prepare for changes in their employment practices and policies. It is too soon to know whether there will be monitoring or punitive legislation in the Act regarding errant employers.

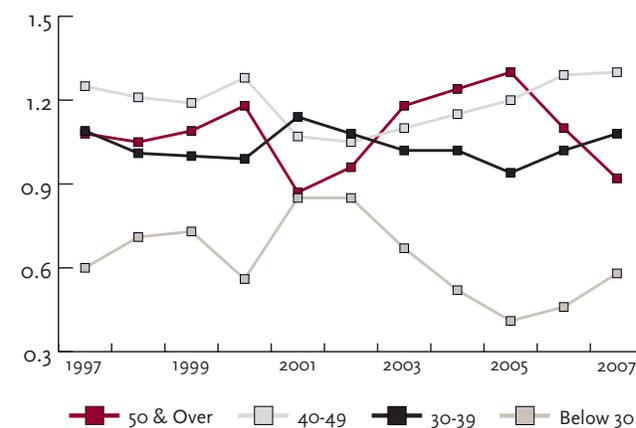
Singapore Retraining Policies

The Singapore government has invested considerable time and money into providing retraining and skills-development/upgrading programs, particularly targeting older workers. As highlighted in the previous section, there are multiple funds, grants, and skills-development training programs that both employers and employees can tap into. This focus on retraining and skill development helps alleviate several problems. It gives the Singapore economy a competitive edge by providing a larger pool of skilled labor force. It also provides continued employment for older workers and hence financial and retirement security, thus lessening the burden on taxpayers and the State. The policy also negates age discrimination among employers who feel that older workers are less likely to pick up new skills and are less productive.²⁰

The comprehensive programs involved are commendable. However, skills mismatch might be a problem as the work environment in Singapore requires a minimum of a secondary education while the aged population tends to have lower educational attainment.⁷ While retraining may be able to improve the skills of the aged population with low levels of education, there is not yet any data available to determine whether a substantial amount of older workers are involved in skills upgrading/retraining programs, or whether retraining will have an impact on employment opportunities and continued employment for older workers.

It is interesting to note in Figure 1 that between 2005 and 2007 there was a dip in vulnerability to retrenchment for those aged 50 and above, while employees age 40–49 were at the highest risk. One reason for this could be the seniority wage-based system that companies in Singapore tend to use. Since the older group of employees also is likely to hold senior positions in a company, this group of workers would cost substantially more to retain as

Figure 1: Vulnerability to Retrenchment by Age Group



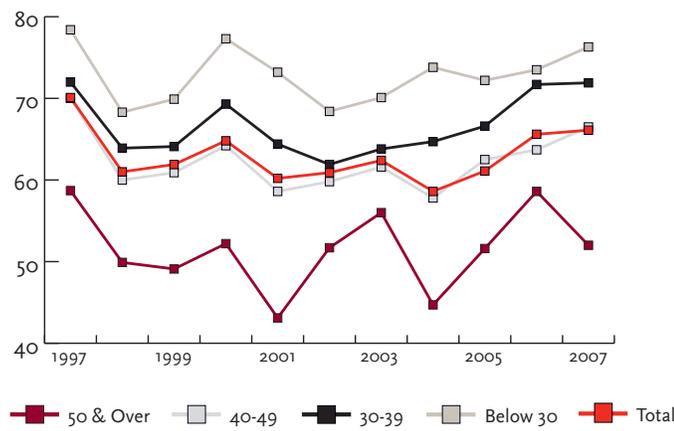
Source: Ministry of Manpower, Singapore. (2007).²²

compared to younger employees. Hence it might be more profitable for companies to retrench this group of workers and hire younger employees to fill those positions instead. Unfortunately, as the 50-and-above age group covers a large section of workers who may span widely different educational and occupation status, the cause of the dip in retrenchment vulnerability for this age group is unclear.

In Figure 2, the rate of re-employment within six months is the lowest for employees age 50 and above, with the lowest figures at 44.7% in 2001 and the highest at 58.2% in 1997.

As shown in Figure 2, re-employment rates for workers aged 50 and above are the lowest of all age groups, with about 50 percent of those retrenched unable to find a job within six months. Workers with low levels of education are most likely to be retrenched. Given that most low-skilled workers tend to be the elderly, this makes them most vulnerable

Figure 2: Annual Average Re-employment Rate of Retrenched Residents (within six months after retrenchment) by age group, 1997- 2007



Source: Ministry of Manpower, Singapore. (2007).²²

to retrenchment and re-employment. Given the current global financial crisis and accompanying downsizing and rising unemployment, the issues of financial hardship for older workers and their inability to gain re-employment are increased. And given that social security programs have a low priority with the Singapore government and that all other social security programs tend to be “stingy in benefits and strict in eligibility criteria because they are seen as a drain on public finance,” this also places older retrenched workers at a higher risk of penury. In 2009, for the first time, the Singapore government intends to tap S\$4.9 billion (approximately US\$3.26 billion) from its reserves to finance a package to relieve the financial crisis. Whether specific policies will be introduced with regards to the welfare of older workers and the possible introduction of unemployment or welfare benefits is uncertain at the time of writing.

Lack of anti-discrimination legislation

As noted in the previous section, rather than institute new anti-discrimination labor laws the Singapore government has introduced a series of guidelines, namely the Fair Recruitment Practices and the Guide on Age Friendly Employment Practices. While these guides encourage employers to follow fair hiring practices, compliance is left to the employers’ discretion. This becomes problematic in that, while the Retirement Age Act was directed at unfair discharge of employees based on age, the issues of age discrimination in terms of recruitment, selection, promotion, training, and compensation is not fully addressed. 20 At this time, the Re-employment Act to be introduced in 2012 makes it mandatory to hire older workers, although the extent of the legislation and the nature of any new anti-discrimination laws within the Act, if any, have yet to be revealed.

IMPLICATIONS FOR QUALITY OF EMPLOYMENT

The Singapore government has taken steps to ensure the economic viability of older workers and their continued re-employment through extensive and concerted efforts in the funding and promotion of retraining/skills development programs. It also has changed the wage structure, cut CPF contributions by employers for older workers, and introduced the Re-employment Act and made changes to the Retirement Act in 2012. While the steps taken have been commendable, some of the policies benefit certain segments of the population more than others, and some policies require further legislation in order to be enforceable. In particular, low-skilled elderly workers are especially vulnerable owing to three factors: a potential skill mismatch between their skills and what the economy requires; the higher risk of retrenchment and difficulty in gaining re-employment; and the potential difficulties in funding retirement given their low levels of CPF monies and the state's adherence to the non-welfare-state policy. While the Singapore government has always actively promoted the nuclear family as the source of financial support for the elderly, as the overall population decreases and the elderly population increases this reliance becomes unstable and increasingly strained. More research and work needs to be done in order to resolve the issues that the elderly will face.

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