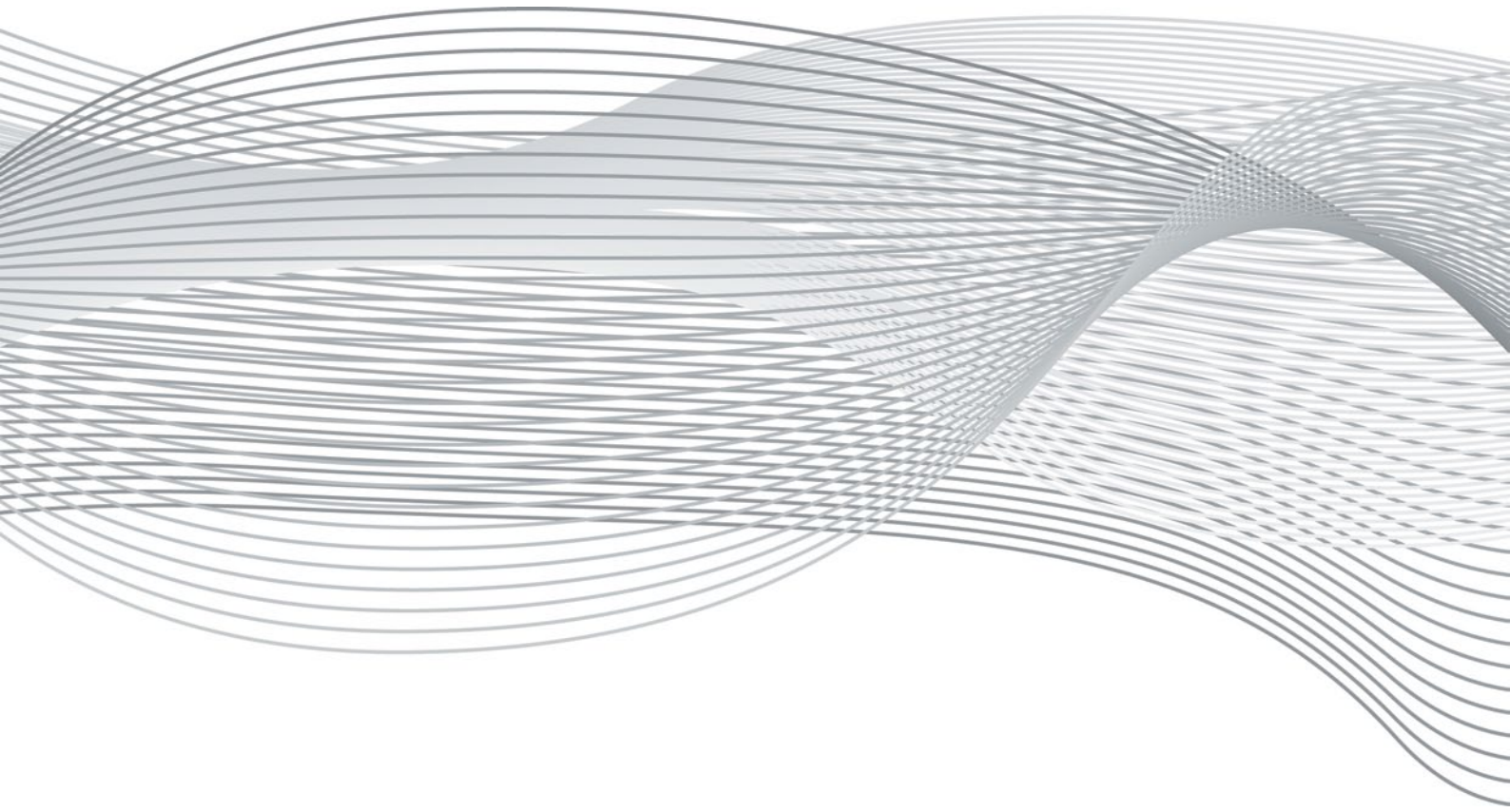


Employment Outlook Quarter 2, Year 2012

By **Ronald Lee, Managing Director**
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OVERALL VIEW OF Q2 EMPLOYMENT OUTLOOK



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As the employment market is closely connected to the health of the economy, significant developments – positive or otherwise – in world markets will inadvertently cause a ripple effect on the local employment outlook.

The global economy is currently experiencing some uncertainty, and as we have seen recently following the second bailout for Greece, market sentiment changes very quickly in response to new economic developments.

From our vantage point right now, the employment outlook for Q2 appears stable and positive. We believe that many companies will continue hiring mainly due to on-going business needs or newly secured contracts.

However, some companies may adopt a cautious approach to hiring while others may choose to be even more prudent and re-engineer their organisations by laying off older, less productive and higher paid workers.

This season will also see higher attrition rates as employees seek new challenges and transition to new jobs after the bonus payouts around the Chinese New Year period in January. We see this pattern year after year and expect this to result in the creation of job openings, which will facilitate movement within the job market during Q2.

Another economic development that will impact the job market is the United States presidential election due in November this year. The Obama administration is expected to do its best to boost the American economy by creating jobs and encouraging retail spending. This positive move will bode well for the Singapore economy and in turn, it will have a favourable impact on the local employment outlook in the months leading up to the election.

INDUSTRY OUTLOOK

As the economy ebbs and flows, different industries may take their turn to shine. The “star” Industries that we foresee will be ramping up hiring in Q2 are: Services (Hospitality, Retail, F&B), Construction, Healthcare, Information & Communications Technology and Life Sciences.

The HDB and private developers have many property launches in the pipeline over the next couple of years and this will continue to support demand for workers in the Construction sector.

Hospitality & Retail will also continue to grow with the expected increase in the general population and tourist numbers. This is further buoyed by the two Integrated Resorts – Marina Bay Sands and Resorts World Sentosa – continuing to attract a significant flow of tourists throughout the year.

Conversely, companies in the Manufacturing sector are taking a more conservative stance and may experience hiring freezes or layoffs during this quarter. At this moment in time, we are seeing hiring mostly for replacement roles in this sector.

Another industry experiencing some staff cuts is the Banking sector.

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UNEMPLOYMENT RATE

Singapore's unemployment rate is likely to hover around 2%, barring any major shifts in global economic conditions towards the negative. We believe that market hiring trends will still be quite dynamic, following on from the increased demand for jobs due to the movement of talents after the bonus payout traditionally in Q1. Overall, the unemployment rate will remain status quo because any potential retrenchments will be offset by continued hiring in other growing sectors.

RECRUITMENT TRENDS

1. **High Demand for Service Staff:** The Hospitality, Retail and F&B sectors will see a high demand for service staff as they are experiencing strong growth arising from correspondingly high consumer demand.
2. **More to Outsource Staffing Solutions:** In line with companies exercising greater prudence, it is likely that more companies will consider outsourcing staffing solutions as it offers two advantages: cost savings and added workforce flexibility.
3. **Increased Contract Hiring:** We anticipate a move towards more contract hiring instead of permanent roles as companies prefer not to commit to a large permanent workforce in an uncertain economic climate. This trend of increased contract hires appears particularly prevalent in the Banking and IT industries.
4. **Greater Flexible Work Arrangements:** The global economic uncertainty may result in employers redeploying staff or offering them flexible work arrangements.
5. **Higher Attrition Rates:** Companies will generally face increased attrition rates due to employees transitioning to new jobs after bonuses are traditionally paid out in Q1. However, the upside is that this will create job openings and facilitate movement within the job market during Q2.
6. **More Hiring for Replacement Roles:** As companies are generally adopting a more cautious approach to hiring, we will see companies generally replacing workers to address current business needs rather than hiring for expansion.
7. **Early Retirement for Senior Roles:** Due to the uncertain economic conditions, we are also seeing that workers who are higher up in the organisational hierarchy are being laid off for early retirement.

8. **Increased Hiring of Older Workers:** However, with the Re-employment of Older Workers legislation coming into force in 2012, we may see an increased hiring of skilled and experienced older workers as the new legislation will enable more people to continue working beyond the current statutory retirement age of 62; up to 65 years old at first and later up to 67 years of age.

HIRING OF FOREIGN TALENT

The hiring of foreign talent will continue to be a hot topic in Q2, as long as it remains a 'political' issue, and especially so if the unemployment rate rises due to any significant negative developments in the global economy.

From a practical standpoint, foreigners will still be needed to take on the jobs that Singaporeans do not want to do. These include low-level, menial jobs that Singaporeans shun as they may entail long hours and require staff to work on shifts and/or weekends. This is particularly the case for industries such as Retail and F&B.

Additionally, sectors that are thriving like Construction, Hospitality, Health and Allied HealthCare and Retail continue to face labour shortages and thus foreign workers will be needed to fill junior level roles in these industries.

At the other end of the spectrum, multinational corporations will also continue to hire foreign talents for top positions, given the downbeat employment conditions in America and Europe, which have created an abundant pool of available high-level talents in these regions.

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RECOMMENDATIONS FOR RECRUITERS & JOB SEEKERS

In view of the prevailing and anticipated economic conditions in Q2, here are some recommendations and advice for both Recruiters and Job-seekers.

Recruiters

- Seek out passive applicants and extend your industry network. Due to the tight labour market, many potential talents might be reluctant to move during the period of economy uncertainty.
- Do not delay hiring because you believe you now have a wider selection of candidates to choose from. Despite the uncertain economic outlook, good candidates are still in high demand and will be snapped up by your competitors.
- Be fair and realistic with the salary and compensation packages you offer new hires.

Job seekers

- Cast your net wider to seek out more opportunities in the market. Attitude and patience are key to landing yourself a job.
- Moderate your expectations; be less demanding in salary expectations and don't be picky – be realistic, not idealistic.
- Streamline your job search and place greater emphasis on companies with long-term stability and credentials rather than just focusing on the pay package.
- Be prepared to take on a larger job scope if you are offered a position.
- Be open to taking up contract roles and even temporary positions.

ABOUT PRIMESTAFF MANAGEMENT SERVICES PTE LTD

Founded in 1994, PrimeStaff Management Services Pte Ltd is a leading human resource consultancy based in Singapore. It provides a comprehensive suite of recruitment services across a wide range of positions, functions and industries in the Asia Pacific region. Besides recruitment, other services include payroll processing and outplacement.

Building upon its passion for people, PrimeStaff has cultivated a reputation in the market for its service excellence, reliability and effectiveness in delivering value added services.

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The logo for PrimeStaff, featuring the word "Prime" in a dark blue, sans-serif font and "Staff" in an orange, sans-serif font. A small orange circle with a white dot inside is positioned above the letter 'i' in "Prime".