

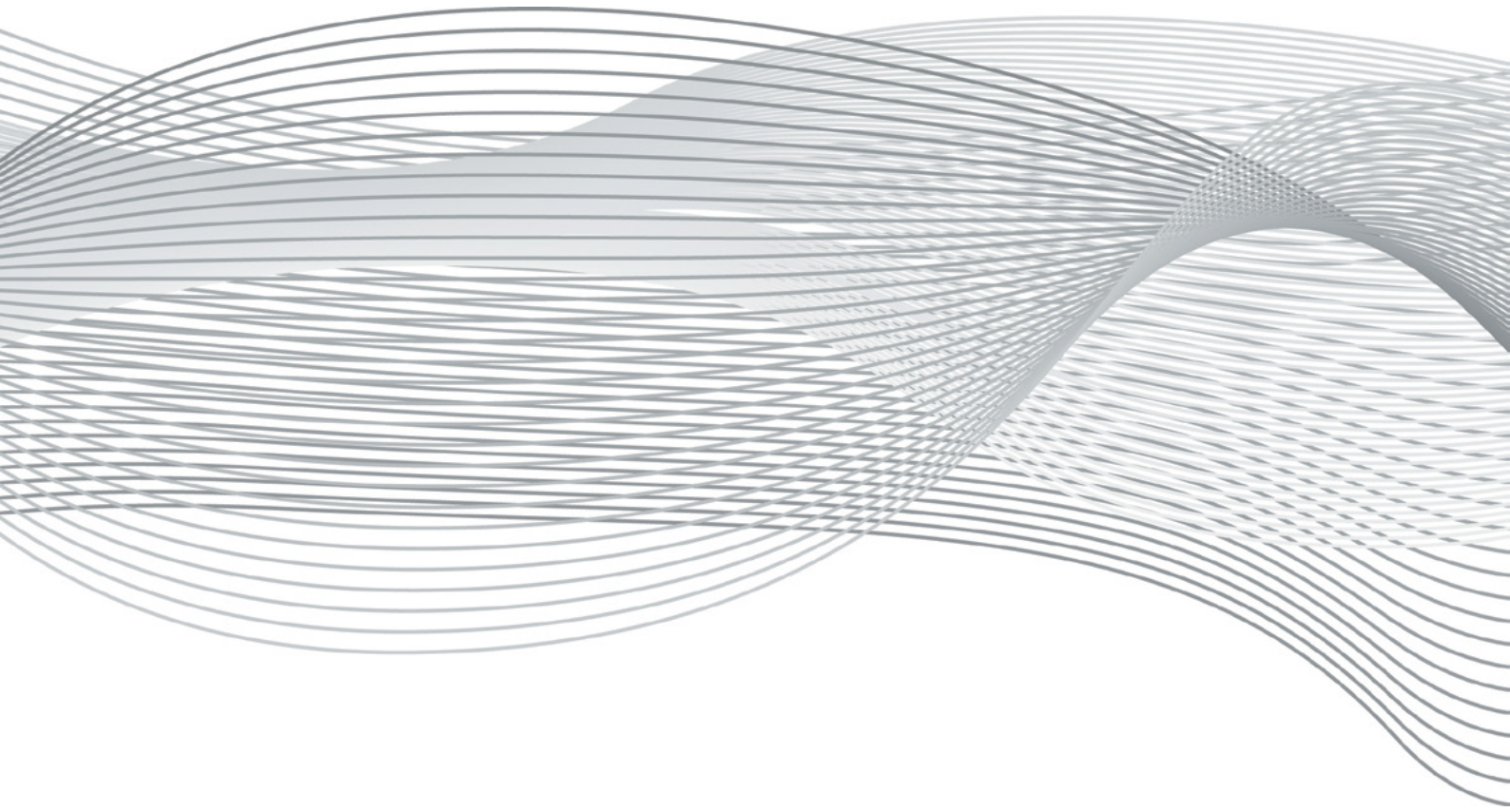
Employment Outlook Quarter 3, Year 2012

By **Ronald Lee, Managing Director**
PrimeStaff Management Services Pte Ltd

Published 13 July 2012

www.primestaff.com.sg

THE
PREFERRED
HUMAN
RESOURCE
CONSULTANT



OVERALL VIEW OF Q3 EMPLOYMENT OUTLOOK



RONALD LEE
Managing Director
PrimeStaff Management Services Pte Ltd

CURRENT ECONOMIC CLIMATE

As global and local economic events have a direct bearing on the employment market, it is always wise to pay close attention to major issues unfolding across the globe.

The Eurozone debt crisis appears to have somewhat stabilised for the immediate term. However, the issue remains unresolved and the threat of Greece exiting the European Union still lingers. Business leaders should watch this situation closely because such an event will destabilise the Euro and potentially unhinge global financial markets.

Meanwhile, the US economy is still sluggish, with the housing market and job growth still depressed. Closer to home, China's property market and manufacturing indicator, the Purchasing Managers' Index (PMI), are showing signs of weakness. Singapore's own PMI suggests unpredictability in the markets as it has been alternating between expansion mode and contraction over the last few months.

Having said that, however, countries in the Asia Pacific region are generally still going strong compared to their Western counterparts.

Barring any major negative catalyst such as an oil price shock, terrorist attack or health epidemic, we are of the view that Singapore's economy will continue to be relatively stable in Q3.

All in all, there will still be pockets of growth in certain sectors, while others may experience a slowdown. This should help to balance out the overall economy, and result in it remaining status quo.

GENERAL EMPLOYMENT OUTLOOK

Unlike in Q2, we will see less movement in the employment market in Q3 as people usually move on to greener pastures after taking their bonuses following the year-end and Chinese New Year period.

Employers are also more cautious due to the uncertain economic climate. Thus, most hiring during Q3 is likely to be for replacement roles and not driven by companies' expansion plans.

A few Multinational Corporations (MNCs), especially those headquartered in Europe, have already announced retrenchments and this may rise if the situation in the Eurozone remains unresolved for an extended period. This may have a negative causal effect – though very slight – on Singapore's unemployment rate, with the competition for jobs increasing.

However, the silver lining that may emerge from this possibility is that some of these MNCs may move their headquarters to Asia as the Asia Pacific is widely known to be the largest growth market in the world right now. Singapore would be a top contender and destination of choice with its world-class infrastructure, political stability and ease of doing business – benefiting the local employment market in the long run.

“ There will still be pockets of growth in certain sectors, while others may experience a slowdown. This should help to balance out the overall economy, and result in it remaining status quo. ”

IMPACT OF NEW FOREIGN WORKER EMPLOYMENT POLICIES

Any retrenchments may be mitigated by the fact that new employment policies surrounding the hiring of foreign workers will kick in this July. The higher foreign worker levies and reduced Dependency Ratio Ceiling (DRC) for foreign workers will force companies to automate more of their processes and/or engage more Singaporeans. The increased restrictions on the hiring requirements for foreigners will put a dampener on the hiring of non-Singaporeans in general, and will result in a further tightening of Singapore's local labour resources.

However, highly skilled foreign talent in senior management roles as well as those in IT and very specialised industries will still be sought after.

The impact the above will have on employers/businesses include:

- Increased labour costs
- Trimming of headcount
- An emphasis on enhancing the productivity of existing employees
- A greater focus on talent retention
- Possibility of businesses shifting their operations overseas

INDUSTRY OUTLOOK

The “star” sectors that we foresee will be hiring in Q3 are: Hospitality (Retail, Food & Beverage), Healthcare, Pharmaceuticals, and Biomedical Sciences.

The Hospitality sector will continue to shine due to strong demand from the domestic market as well as robust tourist arrival numbers.

The Healthcare, Pharmaceuticals and Biomedical Sciences industries will be buoyed largely due to increased government spending on public healthcare resulting from heightened healthcare needs of a growing and ageing population, the opening of the new Jurong General Hospital in 2014, and medical tourism, which continues to rise.

Apart from these, the Information and Communications Technology sector will also see demand and growth.

At the other end of the spectrum, the Financial and Manufacturing sector may see some re-engineering of their workforce. The major banks are susceptible to the Eurozone risks and may restructure their business to focus on areas that enable them to maximise revenue. If things take a turn for the worse, they may even retrench staff, especially those in sales and business development functions. Manufacturing companies are likely to trim headcounts as part of a long-term cost rationalisation strategy resulting from increased pressures on business costs and changing workforce dynamics exerted by the new foreign worker policies taking effect.

RECRUITMENT & HUMAN RESOURCE TRENDS

1. **Increased Hiring of Singaporeans vs Foreigners:** This will arise from the additional restrictions (as discussed above) on the hiring of the latter, which take effect from July 2012.
2. **Rise in Basic Wages:** An unofficial minimum wage may be established due to market forces of demand and supply – in order to attract more Singaporeans to work in certain types of jobs and industries that were previously dominated by foreign workers.
3. **Greater Focus on Talent Acquisition, Development & Retention:** With the talent war for Singaporeans heating up, companies will need to focus more on training and development initiatives in order to engage and retain their staff.
4. **More Companies May Re-Hire Former Employees:** The increase in labour costs will put pressure on overall business costs. Re-employing ex-staff will help companies save on the cost of recruiting and training new staff.
5. **Longer Process to Place Candidates:** Recruiters and hiring managers will have to work harder as it becomes more of an employees' market, with candidates having more options to choose from and taking more time to consider the various job prospects on offer.

“ The “star” sectors that we foresee will be hiring in Q3 are: Hospitality (Retail, Food & Beverage), Healthcare, Pharmaceuticals, and Biomedical Sciences. ”

- 6. Outsourcing of Staffing Solutions:** Due to the uncertain economic climate, companies will continue to exercise greater prudence and are more likely to choose to outsource its recruitment needs because of the cost savings it produces.
- 7. Increased Contract Hiring & More Flexible Work Arrangements:** The uncertainty in the markets will create more justification for companies to offer workers more contract roles as well as flexible work arrangements as organisations may prefer not to commit to a large permanent workforce.

RECOMMENDATIONS FOR RECRUITERS & JOB SEEKERS

Given the existing and projected economic and socio-political conditions, here are some recommendations for both recruiters/hiring managers and job seekers:

Recruiters/Hiring Managers

- 1. Be Open-Minded:** Don't simply look at a skills match or whether the candidate has experience in your particular industry. Look deeper when assessing the candidate as he or she may have transferable skills that are sufficient for the role. It is just as important for the individual to be able to fit well into the corporate culture, which will increase his or her chances of succeeding in the role.
- 2. Consider Looking Internally:** As it's currently more of an employee's market, you may want to consider recruiting from internal sources if your recruitment budget doesn't allow you to entice strong candidates who are asking for a high premium in terms of salary expectation.
- 3. Focus on Retention:** Following on from the previous point, you should also put greater emphasis on retaining existing staff given the talent war most companies will be facing in Q3.

ABOUT PRIMESTAFF MANAGEMENT SERVICES PTE LTD

Founded in 1994, PrimeStaff Management Services Pte Ltd is an award winning 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.

Job seekers

- 1. Cast Your Net Wider:** If you are intent on searching for a new job, "sell" yourself to as many recruitment agencies as possible, in addition to using job portals and newspapers for your job search. This is because many of the bigger companies only use recruitment agencies for their hiring needs these days.
- 2. Be Realistic:** Even though there may be a lot of opportunities in the tight labour market, you should be realistic in your salary expectations. Don't insist on a sky-high increment over your last drawn salary as many companies will still be constrained by tight budgets due to rising business costs. It is advisable to ask for increments of not more than 10%.
- 3. Focus on the Fit:** Don't just focus solely on the salary when considering the offer. Look at the bigger picture; would you fit well in the company's culture; does it offer a motivating and inspiring environment that would help you excel; is the role aligned with your long-term career objectives?
- 4. Be Open to Contract Roles:** Understand that companies are feeling the crunch and need to contain business costs. There is thus a growing tendency for them to offer contract roles instead of permanent ones. And if you do take up contract jobs, have the commitment to see it through to the end of the contract period. Don't break the contract and jump ship the moment you receive an offer for a permanent role as that would tarnish your professional reputation.
- 5. Upgrade Your Skills:** It never hurts to upgrade your skills; it will enhance your employability and help push up your salary.

**LET US TAKE
CARE OF ALL
YOUR HUMAN
RESOURCE NEEDS
SO YOU CAN
FOCUS ON WHAT
MATTERS MOST,
YOUR BUSINESS.**

PrimeStaff Management Services Pte Ltd

4 Battery Road #21-00
Bank of China Building
Singapore 049908

+ 65 6222 3310 tel

+ 65 6227 2310 fax

www.primestaff.com.sg

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".