

# Employment Outlook Quarter 1, 2013

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## OVERALL VIEW OF EMPLOYMENT OUTLOOK FOR Q1 2013



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### ECONOMIC OVERVIEW

The global economy appears to be stabilising and is more positive compared with recent months. Now that the United States elections are over and news that the “fiscal cliff” has been avoided, more certainty has returned to the markets. This has helped to boost economic and business sentiment around the world.

On home ground, however, economists are predicting muted growth for Singapore this year, which is attributed to the slowdown in regional economies such as Korea and Japan, as well as the continued gloomy outlook in the euro zone.

Overall, Singapore’s economy is likely to remain similar to 2012, if not better.

### GENERAL EMPLOYMENT OUTLOOK

The first quarter of each year traditionally sees a flurry of movement in the job market, as people tend to seek new opportunities after the Chinese New Year period when they receive their bonus.

The start of the year is also when companies allocate their budgets, establish their hiring plans for the year, and begin their recruitment drives, which also contributes to the spike in hiring activity.

However, given the forecast for moderate economic growth in 2013, some companies are tightening their recruitment budgets so most of the hiring is likely to be for replacement roles instead of new jobs created. Some organisations

may even streamline their headcounts by having more staff on a contractual basis or on flexi-work programmes.

Due to the prolonged economic challenges in the euro zone and sluggish growth in the United States, many Multinational Corporations (MNCs) located in Singapore have already implemented a hiring freeze on new and replacement roles.

All in all, Singapore’s unemployment rate is expected to remain status quo. There is, however, the possibility of a very slight increase in unemployment during this period.

### INDUSTRY OUTLOOK

The sectors that will be hiring aggressively in Q1 2013 will be Hospitality, Food & Beverage, Retail, Construction, and Healthcare. This is mainly due to the manpower crunch in these sectors resulting from the tightening of the foreign worker employment policies.

Another contributing factor to this phenomenon is Singapore’s perennial emphasis on tourism as a key pillar of the economy. Naturally, a boost in tourism translates to a spike in manpower demand for the Hospitality, Food & Beverage, and Retail sectors in particular. These sectors will also require more manpower in the build-up to Chinese New Year in February.

We are also seeing greater demand for workers in certain niche areas such as Education Research, IT Engineering, and Customer Service roles in the Insurance industry.

At the other end of the spectrum, the sectors that may layoff workers include Manufacturing and Banking. The former will be affected by sluggish global economic conditions while the Banking industry faces stiff competition and may have to restructure its workforce in response to changing market needs.

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## RECRUITMENT & HUMAN RESOURCE TRENDS

- 1. Increased Movement in the Job Market:** Traditionally, the first quarter of the year sees an increase in movement in the job market as people tend to seek new opportunities after receiving their bonus during the Chinese New Year period.
- 2. Rise in Contract Hiring:** More companies are streamlining their headcounts due to tighter recruitment budgets so hiring employees on a contractual basis is on the rise.
- 3. More Flexible Work Programmes:** There will be more flexi-work programmes offered to full-time staff as a result of smaller recruitment budgets, and in response to calls for better work-life balance.
- 4. Greater Focus on Retention:** Companies will turn their attention towards employee retention as a way to cope with the labour shortage that most companies will be facing because of the low unemployment rate. One talent retention strategy that organisations will be looking into is improving its compensation & benefits schemes.
- 5. More Business Process Outsourcing (BPO):** In streamlining their workforce, more companies will opt for a leaner headcount and choose instead to outsource certain business processes, including human resource functions.
- 6. Re-emphasis on Work Improvement Programmes:** Such initiatives that lead to increased productivity will also be key on the agendas of many organisations.

## RECOMMENDATIONS FOR RECRUITERS & JOB SEEKERS

Although it appears to be an employees' market due to the low unemployment rate and many job positions on offer, it is actually neither an employers' nor employees' market as we are seeing business confidence differ from sector to sector. In view of this, here are our recommendations for Q1 2013, for both recruiters and job seekers:

- 1. Be Realistic:** Many companies are constrained by tighter budgets so the advice for job seekers is to be realistic about their salary expectations and not demand huge pay increases with each job transition.
- 2. Keep an Open Mind:** Job seekers should not make decisions purely based on salary considerations. They ought to take into account the overall stability of the company, as many organisations are currently observing global conditions before determining their next move.
- 3. Focus on Candidates' Career Plans:** Similarly, recruiters should work with job seekers on their long-term career plans and not focus solely on salary packages. Taking a more holistic approach to the hiring process would help improve the retention rates of new hires.
- 4. Keep Upgrading:** For job seekers, it never hurts to continuously upgrade their skills and capabilities to enhance their employability. This will put them in good stead when it comes to landing the job they covet as well as when negotiating the salary they want.

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

## ABOUT PRIMESTAFF MANAGEMENT SERVICES PTE LTD

Founded in 1994, PrimeStaff Management Services Pte Ltd is an award-winning 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. Other services include payroll processing and outplacement. Building upon its passion for people, PrimeStaff has cultivated a reputation in its industry for service excellence, reliability and effectiveness in delivering value added services.

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