

Employment Outlook Quarter 2, 2013

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OVERALL VIEW OF EMPLOYMENT OUTLOOK FOR Q2 2013



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ECONOMIC OVERVIEW

There are several global issues that may impact the economy during this period. The latest development is the threat of nuclear war by North Korea. If it comes to pass, and depending on the severity of the situation, this has the potential to wreak havoc on the global market and thus change the recruitment game dramatically.

The economic troubles that continue to plague the eurozone is another risk. Countries are still requiring bailouts, with Cyprus being the latest to get caught up in a financial jam.

In China, there is a new president and government in office so the possibility of new policies may affect the performance of its market. This is a key market to watch as the global economy has been taking its cue from the China's strong growth story.

Back home, Singapore is still facing modest recovery and will continue on the path of stability and gradual growth – barring any significant economic disruptions.

GENERAL EMPLOYMENT OUTLOOK

Employers are still assessing the implications of a weakened global market and the modest recovery in Singapore. We do not expect any big surprises with regards to employment, as long as there are no major economic and political shocks to the system.

The announcement of the various measures under Budget 2013 may be one variable that could affect the employment outlook. Most employers are currently taking a 'wait and see' attitude, in anticipation of how the implementation of the various measures will influence national and social issues – and affect the movement of manpower.

We generally anticipate a slowdown in hiring compared with Q1, which saw more hiring due to the flurry of movement after employees received their bonuses during the Chinese New Year period. Overall, the unemployment rate is expected to remain status quo.

INDUSTRY OUTLOOK

The industries that will be hiring in Q2 include Healthcare, Education, Oil & Gas, Food & Beverage, Hospitality, Insurance, Real Estate, Technology (Gaming / Entertainment / Edutainment), and the public sector.

The ones that are trading cautiously with regards to recruitment are Construction and Heavy Manufacturing, with some even laying off workers. Banks, too, could be retrenching.

In terms of job function, hiring will be the strongest in these areas: Sales, Information Technology, Human Resources, and Compliance/Risk Management for both full-time and contract roles. We are also seeing a lot of hiring activity in Customer Service, by Call Centre-like companies in particular.

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IMPACT OF WAGE CREDIT SCHEME

Announced in Budget 2013, the Wage Credit Scheme (WCS) will see the government co-funding 40% of wage increases given to Singaporean employees with a gross monthly salary of \$4,000 and below over the next three years (inclusive of 2013). This is to encourage the sharing of productivity gains with workers and to help alleviate rising manpower cost in a tight labour market.

We believe that this scheme will initially excite SME companies and some employees. The latter may even start expecting salary increments, especially those earning S\$4,000 and below.

Companies will need to work out the mechanics of the WCS and evaluate its effectiveness and value-adding effect.

Ultimately, we believe that the WCS will have a net positive effect on the retention of workers in the specified job salary range of S\$4,000 and below.

RECRUITMENT & HUMAN RESOURCE TRENDS

- 1. Demand for Individuals with Scarce Skills:** There will be greater demand for subject matter experts in a functional role as employers will be hiring them aggressively in order to take advantage of the upward U-curve of Singapore's economic recovery.
- 2. Rise in Contract Hiring:** As more companies streamline their workforce due to tighter recruitment budgets, this will result in an increase in the hiring of employees on a contractual basis.
- 3. More Flexible Work Programmes:** In response to calls for better work-life balance, more employers will offer full-time staff more flexi-work programmes.
- 4. Emphasis on Retention:** To cope with the manpower crunch, companies will be focusing on employee retention and

devising talent retention strategies to keep its people.

- 5. Increase in Business Process Outsourcing (BPO):** As more companies opt for a leaner headcount, they may be more likely to outsource certain business processes, including human resource functions.
- 6. Focus on Work Improvement Programmes:** In line with the national mandate highlighted in Budget 2013, the agendas of many organisations will focus on initiatives that lead to increased productivity.

RECOMMENDATIONS FOR RECRUITERS & JOB SEEKERS

Even though many employers are complaining about the shortage of manpower, it is actually not an employees' market nor is it an employers' market. The recruitment landscape now is about aligning and matching the expectation of the role requirements between the employer and employee. This is especially so for senior level positions. Here are our recommendations for both recruiters and job seekers, for Q2 2013:

For Recruiters:

- 1. Assess Candidates on their Emotional Quotient (EQ):** Place more emphasis on evaluating candidates on their EQ as this will lead to an improvement in retention rates.
- 2. Promote Corporate Culture During Interview:** Highlight the company working culture during the interview by involving the candidate's prospective peers in the interview sessions. Understanding and being aligned with the corporate culture will ensure a better fit and ultimately help in the retention of the new hires.
- 3. Consider Candidates' Career Plans:** Work with job seekers on their long-term career plans and do not focus solely on compensation. Taking a more holistic

approach to the hiring process will help improve the retention rates of new hires.

For Job Seekers:

1. **Emphasise your EQ:** Be aware that recruiters will be placing more importance on assessing your EQ level so make sure that your EQ comes across during the interview process.
2. **Sell your Personality:** Besides evaluating whether you have the right technical skills for the job, employers will want to see more of your personality and character in order to have a more accurate picture of what you can contribute to their workforce.
3. **Be Realistic:** As economic growth for the year is expected to be moderate, many companies are constrained by tighter budgets so you should be realistic about your salary expectations and not demand huge pay increases with each job transition.
4. **Be Open-minded:** Do not make decisions purely based on salary considerations. Look at the overall stability of the company, as many organisations are currently observing the global landscape before determining their next move.
5. **Keep Upgrading:** It never hurts to upgrade your skills and capabilities as it will enhance your employability and put you in good stead when it comes to clinching the job and salary you 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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