Tap part-time workforce to ease labour crunch

By TAM KHEE GAP
FOR THE STRAITS TIMES

BUDGET 2013 is best understood in tandem with the Population White Paper. The labor spell out the underlying population trajectory for Singapore. In fact, what the White Paper did not say, but the numbers clearly state, is that the Singapore population is not a target; it is an inevitable outcome if Singapore is to aim to remain a thriving city despite its ageing and shrinking workforce.

This is because Singapore’s economy will look even more flatlining if the restructuring path tends to a more leisure-driven economy. Over the last decade (2001-2010), value-added in goods- producing industries has declined from 31 per cent to 28 per cent, while value-added in services-providing industries has steadily increased from 63 per cent to 66 per cent.

It is less amenable to automation and other labour-saving technological improvements. As a result, Singapore needs a relatively bigger labour force over time, computing both insured and non-insured industries.

Such a trend of restructuring from manufacturing to services is irreversible in the longer run as the experience of developed economies have shown, especially when countries double higher wages. Singapore has also taken a turn by higher-value-added industries.

Although the cut-off date of 35 is met by many, even those who are still in the manufacturing sector, such as productivity incentives to help companies continue on this restructuring path, especially those targeted at small and medium-sized enterprises (SMEs). If all goes well, companies will be able to compete with Europeans, Americans, who have a more relaxed attitude towards work, as well as to the Chinese-speaking workers in China and Taiwan.

The point here is that the maneuvering of Singapore will be for the workers in the non-insured industries, who have to hold their jobs. If they lose their jobs, they will not have the opportunity to improve their skills. Workers will have to pay higher wages and fines and continue to do the same work they have been doing. The move to give incentives to companies to hire locals is in line with the path by the Government towards developing a multi-racial Singaporean workforce back to work. This is a good initiative, but there is a mismatch between available jobs and workers’ capabilities. More can be done to reduce that gap.

The best way to give the majority of monolingual Singaporean workers a chance to make a good life is to give them home-ground advantage by making Singapore itself a vibrant cosmopolitan city.

Linked to an hourly living wage. The Government can then augment part-time workers’ hourly wage, over the part-time Singaporean worker is certified by the Workforce Development Agency (WDA) as productive, with feedback by employers on good performance. Such incentives will not only attract workers to part-time work, but will also enhance their stability in the service sector, which is known for its unemployment rates.

The WCS, in giving firms tax breaks and wage subsidies, can be expanded to cover part-time work. Rather than calculate wages on a per-month or pro-rated basis, we should use the hourly wage. Wage supplements can be calculated in terms of the number of hours worked.

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