

# Speech by Minister Grace Fu at the Singapore Chinese Chamber of Commerce & Industry Dialogue

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Distinguished Guests, Ladies and Gentlemen

## Introduction

I am pleased to join you this evening. You are important members of the business community in Singapore, and you represent a very important part of Singapore's future. I look forward to our dialogue, and to explore ways which all of us can work together to keep our economy vibrant and our businesses competitive.

## Our Economic Landscape

Our economic fundamentals remain strong amid a rapidly-changing global and domestic landscape. It has been through our strong tripartite partnership, supporting businesses and being open to investments that we have weathered through several recessions in the last decade. Looking back at the last decade, GDP grew by an average of 5.6%. Median wages of employed Singaporeans grew by 11.3% between 2001 to 2010<sup>1</sup>.

Today, the global economic outlook is uncertain and growth is slowing. Europe is struggling with the Euro crisis and high unemployment rate, and the US trying to jump-start a sluggish economy. Domestically, our labour market remains tight with a low unemployment rate. Many companies are finding it difficult to hire the workers needed. Our foreign workforce has increased but at a slower rate. Our citizen workforce growth is slowing, but the quality of the citizen workforce will improve as we become better trained and educated. At the same time, we need to ensure that our citizens get access to good job opportunities with good real wage growth.

## Working Together to Stay Competitive

The Government, businesses and unions must work together to meet our future challenges. Businesses that have successfully navigated through the various changes in the business environment in the past have been those that were able to adapt, change from the status quo, improve processes, raise productivity, innovate and find new ways to do things better.

We will continue to be a strong partner of businesses and support restructuring and productivity improvements. This is all the more pressing as our competitors from emerging markets are fast catching up and moving up the value-chain. China, despite slower GDP growth, is keen to restructure its economy by going for higher value-added jobs at the coastal cities and developing the mid-western region. They want to see sustainable growth in the coastal cities, but not by doing the same many times more, which would place unsustainable pressure on labour and land. Instead, they are going for better paid, higher value-added jobs. At our end, MOM and SPRING

are working closely with businesses and SMEs to improve work processes, give consultancy advice and provide funding. We also support innovation and entrepreneurship as we seek to create opportunities in a high value-added economy.

Our foreign workforce policies will continue to remain tight. Over the last decade, our workforce grew by about 3.8% while productivity grew by 1.8%. Around half of the workforce growth came from foreign labour, largely at the lower-skilled levels. The foreign workforce growth was about 80,000 a year between 2005 to 2010. Our total population grew by 0.8 million during this period. Foreign workforce growth in the first half of this year has slowed to 34,000, which is lower than the growth of 37,000 in the first half of last year. We need to grow our foreign workforce at a more sustainable rate as we will face infrastructure and social constraints. We have to also create good paying jobs for Singaporeans through productivity improvements.

Amid a tight labour market, older workers and at-home women are a valuable pool which companies should tap on. More jobs can be redesigned with flexible working arrangements to accommodate different needs. I strongly encourage companies to relook at the positions in your companies, and if necessary, tap on Government support such as the Work-Life Works! and Flexi-Works! Funds<sup>2</sup>. This may prove to be a win-win situation for both parties. Good workplace practices will enable a more effective and productive workforce for the benefit of businesses and workers [\*\*Please refer to pages 4 to 6]

An example is the Jumbo Group of Restaurants. Flexi-work arrangements allow restaurant staff to choose the number of days they work as well as the hours of work. This allows the restaurant to tap on mothers who want an extra source of income but can only work while their children are in school. Their job scopes have been tailored such that they can be home for their families' mealtimes. HR also briefs restaurant managers regularly on the benefits of flexi-work arrangements. The Jumbo Group finds that the long-term benefits have outweighed the costs. With more flexibility, they now find it easier to hire people as there is a bigger pool of talent to tap on.

## **Caring for an Ageing Population**

We are also mindful of the present and future needs of Singaporeans. As an aging society, workers in the healthcare sector and foreign domestic workers play a role in supporting the elderly and families with children. We also have to cater to many construction projects as we expand our infrastructure in the major areas of public housing, health care and transportation. These are needs that will improve our lives, and we have to carefully consider the manpower required to meet these needs. NPTD and partner agencies have completed a study on the needs of these sectors and will be releasing an occasional paper soon.

## **Moving forward together**

Singapore must continue to remain an attractive place for businesses. All of you here today help to drive our economy and create good job opportunities and better living standards for Singaporeans. The Government will continue to support businesses, especially SMEs, in their restructuring efforts. Restructuring is never easy and I do not for one moment under-estimate the effort needed to implement changes. The Government is here to help and we welcome suggestions on how we can improve our schemes to help you. I am optimistic that we will manage these challenges well as we move forward together. I look forward to a fruitful dialogue ahead. Thank you.

## **BEST PRACTICE COMPANIES**

### **Flexibility as a Recruitment Strategy**

#### **Jumbo Group of Restaurants**

The F&B industry recruits part-time workers extensively and increasingly so. The Jumbo Group of Restaurants is one such establishment that engages and relies on part-time workers. Mrs Christina Kong, head of its Human Resources and Corporate Affairs, shares that offering flexible working options has proven to be an effective recruitment strategy that allows the organisation to hire the right quality and number of employees.

Jumbo Group, with over 700 employees, first offered flexible working options in 2010 in response to the dwindling labour pool for restaurant workers. A variety of flexible working arrangements (FWAs) are now available for operations and service staff including permanent part-time options where restaurant staff can choose the number of days they work as well as the specific hours they work every day. Currently, over 10% of their employees are part-timers.

Mrs Kong notes that such fine-tuning of work hours coupled with careful job redesign has allowed the restaurant to tap on lesser-used labour sources. One such source are mothers and grandmothers who want an extra source of income but can only work while the children in their care are in school. Their job scope includes setting up, dishwashing and pantry preparation just before the lunch and dinner crowds appear so that they can be home for their own families' mealtimes.

The organisation's commitment to provide flexible working options for all employees can also be seen in its HR policies. Employees who are contemplating resignation are reminded of the FWA scheme and encouraged to convert to a part-time work option rather than quitting. HR also briefs restaurant managers regularly on the benefits of FWAs and trains them to explain the flexible work options to potential employees during job interviews. Managers are also expected to gather monthly feedback on existing flexibility options from their teams and suggest any refinement to policies. With the organisation's commitment to making part-time viable for their staff, they have experienced in recent months an increased take-up rate for part-time working options amongst new hires.

Implementing part-time working arrangements posed initial challenges for the whole team. In the early stages, management identified that employees were reluctant to tap on the flexi-work option as they mistakenly believed they would not receive any staff benefits. HR and management swiftly stepped in to explain that all employees were part of the Jumbo family and that benefits for part-timers would be pro-rated. Details of how benefits would be calculated were given as well.

For example, employees who work a minimum of 20 hours a week are entitled to benefits such as birthday vouchers and annual leave on par with full-time employees. Bonuses which are given to full-time staff are pro-rated for part-timers as well. Mrs. Kong shares that as a result of this, employees are now very "pro-flexibility" and are open to converting to a part-time position, rather than resign from their job altogether.

Mrs. Kong emphasises that the long-term benefits have outweighed the costs for the Jumbo Group. “We have better options, and it is easier to hire people. With more flexibility, there is a bigger pool of talent to tap on”.

The management at Jumbo has successfully incorporated flexibility into their organisational culture, thus attracting and retaining quality employees in a difficult hiring climate and exemplifying that creating a flex-culture can be rewarding – for employer and employee alike.

## **Flexibility in Action**

At the Jumbo Group of Restaurants, management believes that flexible working options need to be fluid and tailored to the individual. Madam Aw, a mature worker in her 50s, began working at a Jumbo restaurant in 2007 as a full-time restaurant staff. Over time, she became a valued member of the team. However, she developed a medical condition that caused her arm to be painfully swollen. As her workspace was enclosed without much room to manoeuvre her arm, this caused her much discomfort and affected her work. After discussion with her manager, the management offered her a new position in a different outlet with a larger workspace. Later, Madam Aw’s mother was diagnosed with cancer, and she considered resigning. However the management suggested she shift to a permanent part-time working arrangement, which allowed her to care for her mother while earning an income. This working arrangement was further refined when her care-giving duties increased over the years. “I’m glad for this flex-hour arrangement. It is just the right fit that helps me to take care of my mother after she comes back from day care, over the weekends as well as public holidays.”

<sup>1</sup> The Labour Force Survey was not conducted in 2000. Hence, 2001 is used instead.

<sup>2</sup> Flexi-Works!: Companies can claim up to \$10K for introducing flexi-work arrangements, and up to \$90K for recruiting workers on part-time or flexible work arrangements. Work-Life Works! Fund: One-time grant to encourage employers to introduce work-life strategies. An approved project can be funded up to 80% of costs subject to a cap of \$20K.