

A fresh approach to foreign manpower needed to tackle long-term challenges

There are some jobs that locals shun and tasks that can't be automated. But companies can't do without them.

Musa Fazal

One of the focal points of the 2024 Budget speech and the Ministry of Manpower's (MOM) Committee of Supply revolved around empowering workers, from supporting skills upgrading to enhancing retirement adequacy.

While businesses may welcome these measures, they do not directly address their key pain points: rising manpower costs and the challenge of coping with manpower shortages.

The latest National Business Survey by the Singapore Business Federation (SBF) cites manpower costs as the top cost faced by businesses here. In addition to costs, the top three manpower challenges include the availability and retention of manpower and stricter foreign workforce policies.

We know the manpower problem for Singapore is not going away any time soon. Resident labour force growth will plateau within the next couple of years.

Gross domestic product (GDP) growth is a function of labour force and productivity growth, and achieving the 2 per cent to 3 per cent GDP growth target Deputy Prime Minister Lawrence Wong described in his Budget speech with low or no labour force growth means doubling down on what he has himself acknowledged is a "very ambitious" effort to improve productivity.

Japan is already in the throes of this manpower problem with its super-ageing society. Despite heavy investments in productivity (Japan is by far the global leader in robotics, with 45 per cent of the world's industrial robots produced or designed in Japan) a recent think-tank study projected that the country will face a shortage of more than 11 million workers by 2040.

Small and medium-sized enterprises in Japan are disproportionately affected by this crisis. A report by consultancy firm Teikoku Databank showed the number of bankruptcies due to manpower constraints reached an all-time high in 2023, with 75 per cent of such bankruptcies among firms with fewer than 10 employees.

As highlighted in a Straits Times report last week, the government in Japan is now trying to loosen restrictions on foreigners to grease the wheels of



Is there scope for greater differentiation between services jobs, bearing in mind that some services jobs are essential, cannot be easily substituted with automation, and are not attractive to locals, asks the writer. The current system allocates the same foreign worker quotas to all firms in the services category. ST PHOTO: LIM YAOHUI

the economy, but doing so after decades of being notoriously closed to foreigners will not be a simple task.

Much of what the Government has proposed in Budget 2024 attempts to address the manpower shortage problem by trying to do as much as we can to optimise the local workforce. This includes a doubling down on training and upskilling to address skills gaps and shortages in our local population.

It also includes measures to raise wages for low-wage occupations through the Progressive Wage Model and higher local qualifying salary, which could attract more locals into these jobs.

Efforts to raise the retirement age to tap our senior workers, and efforts to bring into the employment pool groups on the fringes of the labour force through flexible work arrangements and employment support measures, are all worthy efforts that serve an important social inclusion objective.

REVIEW FOREIGN WORKFORCE POLICIES

The measures to fully maximise the potential of our local

workforce are certainly critical, but a small country like Singapore with a total fertility rate of less than 1 cannot shy away from the elephant in the room: relying on a foreign workforce to augment our manpower needs.

Businesses want to engage the Government on ways to increase the foreign workforce in a controlled manner.

Is it worth taking a fresh look at the foreign worker quota system to see how it can be designed to better meet the needs of a dynamically evolving economy? For example, the current system allocates the same quotas to all firms in the services category, which can range from financial services to F&B and retail.

Is there scope for greater differentiation between services jobs, bearing in mind that some services jobs are essential, cannot be easily substituted with automation, and are not attractive to locals?

Many job roles in the retail, food services, hotels and nightlife industries, for example, require both human judgment and emotional intelligence. These sectors play an important role in making Singapore a vibrant

tourist destination, and sports and entertainment hub for the region.

Despite offering attractive remuneration packages, businesses in these industries tell us that prospective local recruits often turn down the job offer, citing reasons such as the physical demands of the job, shift work during weekends and public holidays and having to interact with difficult customers.

Quotas today also make no differentiation between blue- and white-collar workers in the same industry, so the jobs of IT staff, cleaners and waitresses working at an F&B outlet or hotel are all subject to the same quotas.

The move to tighten foreign workforce policies for the marine and offshore engineering sector coupled with a significant \$100 million boost to support productivity and sector transformation perhaps also points to a model for helping businesses transition to a more manpower-lean future.

Would it be possible, for example, to consider certain time-bound concessions on foreign manpower that are tied to meeting certain enterprise transformation goals, such as the achievement of productivity

targets?

Such concessions would help businesses overcome the hurdle of having to rely on more manpower in the transition towards a leaner operation in the longer term.

For example, businesses tell us that pivoting to e-commerce often entails an even larger workforce, at least in the near term, to manage expanded operations around online sales, warehousing systems, and logistics and fulfilment.

Maximising the potential of our local workforce is critical to solving our manpower problems. Much depends on how programmes like SkillsFuture Level-Up are implemented.

MAKE TRAINING RELEVANT

While some tweaks to foreign manpower policies for certain sectors will provide much-needed breathing space for businesses, they are not a substitute for long-term plans to tap local talent and leverage automation.

Maximising the potential of our local workforce is critical to solving our manpower problems. Much depends on how programmes like SkillsFuture Level-Up are implemented.

For instance, coupling the programme with MOM's plans to develop a careers finder tool to help workers better diagnose and manage their career health would be an important step in ensuring this happens.

For businesses, one key concern is making sure that diploma and degree programmes from institutes of higher learning (IHLs) are industry-relevant.

Could the courses be integrated with the enhanced Career Conversion Programmes, which are place-and-train programmes with an emphasis on on-the-job training, to achieve better employment outcomes?

MANAGE LOCAL TALENT

A significant manpower gap is in the availability of locals to fill corporate leadership roles.

Initiatives such as MOM's Overseas Markets Immersion Programme and the Ministry of Trade and Industry's Global Business Leaders Programme will help address concerns businesses have with the lack of regional experience and global exposure of some of our local talents.

Beyond developing leadership programmes, can we do more to build up the HR capabilities of companies to develop the next generation of corporate leaders?

For example, the Alliance for Action on Business Leadership Development in its 2023 report recommended a diagnostic tool for companies to benchmark their corporate leadership development practices, identify gaps in HR practices and develop company-level interventions for grooming local talent.

To take it one step further, beyond support for individual companies, can we take a Singapore Inc approach to managing our local talent, in the same way that we take that approach to managing our multinational enterprises and large local enterprises?

Would it be possible, for example, to set up a Singapore talent bank to better track the career trajectories of our local talent, with businesses, large and small, potentially tapping this resource to fill leadership gaps?

CO-CREATING SOLUTIONS

Solving the manpower challenge, including the issues that come with foreign manpower, matters to businesses, and we recognise there are no straightforward or easy solutions.

The Government has accepted SBF's recommendation to set up an Alliance for Action on Business Competitiveness.

Through this AFA, the public and private sector can come together to co-create solutions on how to overcome our economic constraints, including on the manpower front, as we collectively strive to build a dynamic economy and brighter future for Singapore.

We welcome this opportunity to engage.

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Every location has got worse for getting actual work done

Work would be so much better if you could get work done. It has always been hard to focus amid the staccato rhythms of meetings, the relentless accumulation of messages, or the simple distraction of colleagues thundering past. But since the Covid-19 pandemic, every single place of work has become less conducive to concentration.

Start with the home office. The promise of hybrid working is that you can now choose your location, depending on the task at hand. If you need to focus on work, you can now skip the commute, stay home and get your head down. This tactic would have worked well in 2019, when no one else was ever at home. Now, there are likely to be other people there, too, grabbing the best spot for the Wi-Fi, merrily

eating your lunch and talking loudly to a bunch of colleagues in their own workplaces. Home has become a co-working space but without any of the common courtesies.

Even if none of your family or flatmates is at home, they now know you might be. That spells disaster. Parcels are delivered with monotonous regularity; large chunks of the day are spent being photographed on your own doorstep holding intriguing packages that are not for you. Children who want food or money know where to track you down.

Worst of all, jobs that once required a day off can now be done at no personal cost by booking them in for days when someone else is at home. "Are you going in today?" might sound like an innocuous question. It should

put you on high alert. It means that a bunch of people with drills will storm the house just as you settle down to the laptop.

One natural response is to head to the place you were trying to avoid – the office. But its role has changed since the pandemic. It was never a great place for concentrating (the periods of lockdown were glorious exceptions). But it has become even less suitable, now that the office is seen as the place where collaboration and culture-building happen.

Before, you might have been able to sit in a cubicle, fenced off from other people; now openness is in vogue, which means fewer partitions and greater visibility. Before, you might have had a normal chair and a desk; now you will be asked to wobble

awkwardly on a tall stool at a champagne bar. Before, you were interrupted; now you are being given an opportunity to interact. There is much more emphasis on meetings, brainstorming, drinking, eating, bouncing around on space-hoppers or whatever appalling activity builds team spirit. There is much less emphasis on single-minded attention.

Home is heaving, the office is off-putting. What about other places, like co-working spaces and coffee shops? These too have got worse since the pandemic, for two reasons. First, there is more competition for spaces. Everyone else who is finding it hard to concentrate has had exactly the same idea of heading to a third location.

Second, online meetings have

made it acceptable to reach everyone everywhere. It used to be said that you are never more than six feet away from a rat; now the same is true of a Zoom call. Wherever you are – homes, offices, cafes, libraries, monasteries – someone is within earshot, yapping away about something that manages to be both tedious and impossible to ignore: the plight of local papers in Maine, the risk calculations behind Solvency 2 or why Denise is so impossible to work with.

There are ways around the concentration problem. One is to become richer: everything is so much easier if you have another wing of the house, or indeed another house. Another is deliberately to swim against the hybrid tide: if Monday is the day when most people work from

home in order to focus, the office is going to be a better place to work that day. The most common and least healthy answer is to defer focused work until the evenings and weekends.

This is not a lament for the pre-pandemic world. Just because each location has got worse as a place to do focused work does not mean that things have got worse overall. Hybrid work allows people to pick the most appropriate locations for specific tasks.

The option of occasionally staying at home, even if home is noisier than it was before 2020, is still better for many workers and employers than the pre-Covid norm of coming into the office every day.

But wherever you are, other people are more likely to be there or to have a greater expectation of interacting with you. The ability to concentrate is sold as a benefit of flexibility. It can be the price you pay for it.

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