

SBF Advisory on Responsible Retrenchment Practices

7 August 2020 – Globally, the COVID-19 pandemic shows little signs of abating, with recurring epidemic waves seen across the world. The impact of this unprecedented crisis on our domestic and global economy is major and many companies face increasing challenges around cost and cash flow management.

Businesses in Singapore largely understand and accept their responsibilities to their workforce. SBF recognises that many companies have been doing their best to hold on to their workers for as long as it is tenable to do so. Government support measures like the Jobs Support Scheme have provided much needed help to companies and they are aware that human capital is integral to business survival and success. While these have helped to stave off retrenchment in the first half of the year, companies in sectors with prolonged weakened demand may have to make difficult decisions to optimise their workforce in order to survive.

In line with the [Tripartite Advisory On Managing Excess Manpower and Responsible Retrenchment](#) and [NTUC's Fair Retrenchment Framework](#), SBF calls on businesses to adopt the following key considerations when managing excess manpower:

- (1) Retrenchment should always be the last resort
Before considering retrenchments, companies should first consider alternatives such as sending employees for training to upgrade their skills, redeploying employees to alternative areas of work within the company, implementing flexible work schedules and arrangements such as shorter work-weeks, part-time or job-sharing, and wage adjustments with management leading by example. Our Government provides significant support to companies that are prepared to invest in and develop the capabilities of their employees through various training support schemes under SkillsFuture (including the [Enhanced Training Support Package](#) that provides up to 90% training subsidy for workers of companies in selected sectors that are directly and critically impacted by COVID-19), redeployment programmes under the [Adapt and Grow](#) initiative, and [other Government grants](#). These Government assistance schemes help companies to preserve and upgrade their capabilities, and emerge stronger in the process. Companies are strongly encouraged to tap onto these assistance schemes to retain their employees.
- (2) Protect the Singaporean Core and retain talent to grow business opportunities
Should retrenchments be inevitable, companies should put in place fair selection criteria that safeguard the Singaporean Core. Companies should not discriminate against any particular group based on age, race, gender, religion, marital status or disability. They should retain employees, both local and foreign, based on their key skills and experiences needed to enable the company to emerge stronger and create new job opportunities for Singaporeans in the future.
- (3) Work closely with Government agencies and unions
Companies considering retrenchments should work closely with Government agencies and NTUC to find ways to preserve as many jobs as possible, and to provide assistance to affected employees. Companies planning retrenchments

must inform the Ministry of Manpower (MOM) in advance. They should also work closely with the unions, the Singapore National Employers Federation (SNEF), SBF, Workforce Singapore, and NTUC's Employment and Employability Institute (e2i) to help affected employees seek new employment or undergo reskilling programmes.

- (4) Conduct retrenchment in a responsible and sensitive manner
Companies should conduct any retrenchment exercise in a responsible and sensitive manner, treating affected employees fairly and with dignity and respect. Companies should communicate early and clearly with employees and must adhere to the retrenchment notice period mandated under the Employment Act. Companies should show due appreciation for the services rendered by affected employees and pay fair retrenchment benefits with additional consideration for lower wage employees. Wherever possible, companies are encouraged to provide transition support to affected employees, for example, job placement assistance, training grants and interim medical benefits.

SBF Programmes and Resources for Companies

In addition to the various assistance provided by Government agencies, NTUC and SNEF, companies can also tap on the following SBF-managed programmes and resources:

- (a) SBF ManpowerConnect
Jointly introduced with MOM, this scheme is intended to help companies to better manage their manpower needs in view of the COVID-19 situation, by connecting employers who are looking to release their Work Permit holders (WPHs) to those that are experiencing a shortage of manpower. This scheme covers all source countries (except Malaysia) and inter-sectoral transfers.
- (b) SGUnited Jobs (SGUJ) Initiative
This initiative seeks to create more than 40,000 jobs in 2020, as part of the concerted SGUnited Jobs and Skills Package that aims to help Singaporeans affected by the COVID-19 situation to access immediate as well as longer-term job opportunities. All companies incorporated in Singapore are eligible to participate in this initiative, with SBF acting as a central coordinator to match companies with excess manpower to those with job vacancies.
- (c) SGUnited Traineeships (SGUT) Programme and SGUnited Mid-Career Pathways (SGUP-EA) Programme
The well-received SGUT programme aims to provide traineeship opportunities typically lasting up to 9 months to those who have recently graduated or will soon be graduating, to help them develop industry-relevant skills and boost their employability in preparation for the eventual recovery. Through the recently introduced SGUP-EA, local mid-career jobseekers will be able to apply for more than 13,000 company attachments across a wide variety of sectors and roles, including business development managers, software engineers, finance analysts, and e-Commerce associates.
- (d) Professional Conversion Programme - Southeast Asia Ready Talents (PCP-SEA)
This is a joint initiative by SBF, WSG, and Enterprise Singapore (ESG) integrating reskilling and job-matching for PMETs to develop market ready skills for the Southeast Asia region. More than 100 mid-career PMETs have made successful career switches to the wholesale trade and logistics sectors under this programme.

(e) [SBF Foundation Industry-Led Compassion Fund](#)

SBF Foundation, which is SBF's social impact arm, has set up an industry-led Compassion Fund which aims to benefit at least 8,000 employees in need of financial assistance. This effort is initiated in collaboration with trade associations and chambers that will either be partnering the Foundation to set up industry-led Compassion Funds or pooling funds to enable the set-up of industry-led Compassion Funds.

SBF has been championing the sustainable employment endeavour since the launch of the [SBF Sustainable Employment Report and Pledge](#) in November 2019, calling on businesses to improve their sustainable employment practices, through upskilling their workforce, redesigning jobs, and creating inclusive workplaces, as part of the strategy for better business and healthier long-term growth. This call to action is even more relevant in the current COVID-19 situation, as employees are increasingly vulnerable to manpower rationalisation and job disruption with businesses adjusting to the new normal.

In the spirit of sustainable employment, companies can play a key role in positioning themselves, their employees, and Singapore's workforce to overcome the challenges of COVID-19 and emerge stronger together. SBF stands ready to continue working with and supporting companies in this endeavour.

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