

Report on IPS Online Forum: Employment Risks in the Age of Pandemics 20 May 2020

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Published: Monday, 15 June 2020

Background

On 20 May 2020, the IPS Online Forum on Employment Risks in the Age of Pandemics was held on Facebook Live where viewers could participate by leaving comments on the live chat. The online forum had panellists Dr John Taylor, President of Institute and Faculty of Actuaries; Mr Desmond Choo, Assistant Secretary-General of National Trades Union Congress and Mayor of North East District; Mr Lim Yew Heng, Regional Head of Public Affairs of Grab; and Dr Ong Qiyen, Deputy Director (Research) of Social Service Research Centre at National University Singapore. The forum was moderated by Mr Christopher Gee, Senior Research Fellow, and Head of Governance and Economy at the Institute of Policy Studies.

The trend of globalisation and technological advancements has resulted in increasing employment risks. These risks have been especially accentuated by the COVID-19 situation. The forum set out to consider possible policy solutions to offset these risks and investigate the ways in which the government, employers, and workers themselves prepare for and pool these employment risks.

The Transfer of Risk from Institutions to Individuals

Dr Taylor pointed to the long-term trend of shifting risk from institutions to the individual. Classically, employees worked for their employer for life and at retirement, they would get a pension regardless of how long they lived. Today, it is the individual's responsibility to decide how much to save and where to invest and they run the risk of outliving savings in their retirement. For wealthy individuals who are able to defer taxes, this change benefits them because they are able to choose what benefits and insurance to secure in the private market. But for the majority of individuals, they are simply not earning enough to have the disposable income to purchase such benefits. Also, many individuals may not have the financial literacy to understand the risks they are bearing, let alone to source for solutions themselves in the private market. Moreover, the private market is limited in what it can do in the age of pandemics.

The Need for Unions to Support Workers

Mr Choo said the pandemic has revealed a lot of the structural changes to work and it is important to protect lives and livelihoods. He highlighted two important issues. First, the need to provide a buffer for Singaporeans and businesses against unprecedented health-induced economic crises until it is clearer what the new world order will be like. Second, the need to help workers transit to new jobs. Unions have been playing a critical role, he added, for instance, by helping the aviation sector in moving workers around.

He also said there was increasing interest from self-employed workers to become union members. Mr Choo addressed the question of whether changes to legislation should be made, to better enable unions to support workers and companies. He felt that there would always be vulnerable sections in the economy, and there is a need to train and deploy workers better. He also praised the strong sense of tripartism in Singapore that has enabled the NTUC to work with the private sector and preserve businesses so that they can continue to act as buffers for employment risk of their workers.

Digitisation of Gig Work Platforms

Mr Lim Yew Heng said that in recent years, as income inequality becomes more pertinent, Singapore has been grappling with the digitalisation of the gig economy. The gig economy has always been around on a small scale and it is critical for segments of society that struggle to find formal employment. Grab has become a critical source of income for gig workers, regardless of whether it is supplementary or core incomes, and technology has made large-scale gig work better and safer. Although the gig economy had grown, he felt that it is not the only solution to transform the workforce towards Industry 4.0.

He said with COVID-19, Singapore has started to recognise the importance of gig workers for essential services. However, such workers are also vulnerable, as they face income instability and concerns with healthcare. He said Grab has tried as much as it can to manage the short-term impact but acknowledged there were a number of unanswered questions such as how to make the system more sustainable, resilient and robust, such that consumers do not overpay, yet gig workers earn a decent and secure living. He said the time available to look into such issues has shortened considerably, and possible answers to these questions might not be found in old solutions but in careful innovation with fintech or collaboration amongst various parts of society.

Improving the Working Conditions of Low-Wage Workers

Dr Ong focused on the working conditions of low-wage workers. Such workers mainly face concerns with income, no paid leave, poor benefits, and the inability to retire. She shared that given the current pandemic, such workers are put in a difficult position. They are more likely to be engaged in work that entails being in close contact with other people, therefore having to decide between feeding their families and increasing personal and public health risks. Additionally, people in these precarious occupations may have limited bargaining power in the labour market. Those with lower incomes also tend to live in close quarters with their families in smaller housing units, which may pose further risk in a pandemic situation. She proposed

three “vitamins” to improve the resilience of low-wage jobs in the pandemic. They include the strengthening of fair treatment of employees, providing more options such as unemployment insurance or universal basic income, and for unions to take on a larger role. These solutions would help improve the wages of workers, allow greater work flexibility and benefits, and help integrate workers’ welfare in managerial decision-making.

Insurance in Times of Pandemics

Dr Taylor said that while insurance is useful to provide cover when there are individual risks, the private market does not have the financial resources to cover everyone in times of pandemics. Hence, the government has stepped in to provide financial support. However, future generations of workers may have to bear the cost of that burden.

Mr Lim said Grab provides insurance coverage for their partners, such as COVID-19 insurance bought in the early days of COVID-19. The gig workers are typically not well-banked, he added, and it was hard to credit score these workers. However, because they are on the Grab platform, the company has information on their earning capabilities which helps in assessing their risk profile. Such gig work platforms can provide data on matters that were not traditionally accessible.

Dr Taylor added to Mr Lim’s suggestion and said technology could facilitate private innovation to make sure there are targeted forms of insurance, similar to what the banking market has with peer-to-peer, and make insurance more affordable.

Viability of Using Central Provident Fund (CPF) to Tide Through the Pandemic

Dr Taylor felt that this approach might not be beneficial, as the CPF is a savings plan for retirement. However, in times of extreme need, he felt that it could be valuable to give individuals access to their CPF but only to a limited extent. Mr Choo said it might not be beneficial for workers post-COVID to be able to draw from their CPF, as they might not have sizeable CPF savings in the first place.

The Long-Term Sustainability of Government-Aided Schemes

Dr Ong agreed that drawing from CPF is a tough decision, hence she and Associate Professor Walter Theseira had proposed a temporary universal basic income, named “Majulah Universal Basic Income” or “MUBI”. She said such a measure could support both the unemployed and employed persons with reduced wages. MUBI could also fill in the gaps of existing government measures as most of the current measures require a person to be employed to receive aid.

Mr Choo said NTUC is always finding the balance between helping the immediate need and guarding against the erosion of long-term viability. He also added that because many of the existing legislation do not apply to self-employed workers, he was seeing more of these workers seek representation in unions. Dr Taylor also agreed with having a balance and cautioned that a state funded initiative might remove the incentive to work.



Mr Gee poses a question to Dr Ong on the possibility of state-based initiatives if workers were unable to obtain unemployment insurance or draw from their pension funds.

Other Sources of Support During the Pandemic

A participant asked if the private sector could also play a part in providing additional support measures that were both short term and long term, seeing how the government had already made many measures. In response, Dr Taylor said that the private sector was suffering as well, and it would be hard for them to step up. Mr Choo said that it was fortunate that the government did not have to borrow from other countries and pay off interest on such debts. He felt that companies could help by hiring workers who are laid off and then re-train and reskill them into industries with need. This would make unemployment more manageable and help the economy rebound at a faster rate. Dr Ong added that things still depended on how long the pandemic would last. At some point in time, people need to realise their own social responsibility and contribute as well, where those who earn more could contribute more. This could apply to both individuals and companies.

Union Membership to Help Self-Employed and Gig-Workers

In an answer to a question on whether union membership could help self-employed and gig workers cushion their employment risks, Mr Choo said there would be a limit to how much unions could represent such workers because they are under contracts for services. However, if there are increasing numbers of such cases, there might be a need to relook into legislation regarding this. He said that it benefits gig workers to have membership with a bigger entity to help them through turbulent times. Dr Ong felt that such short-term contracts were increasingly becoming the norm as the institutions try to shift risk to the individual. However, businesses should not use such short-term contracts to reduce business cost and instead come up with more innovative approaches. Hence, workers' unions and legislations should arrive at a tripartite arrangement to stop such contractual arrangements. Dr Ong would be in favour of

policy initiatives that reduce the number of triple low jobs and hopes that such workers can move towards permanent jobs with CPF savings for retirement.

The Diversity of Gig Workers

Mr Lim shared that the gig economy consists of a wide diversity of workers, from different financial situations and age groups. He said it was important to understand the needs of the different segments of workers before we can think of the solutions and legislation to support them. Many of the gig workers with Grab do not want to be employed as full-time workers, because they either enjoy the flexibility or want to do it for the short term.

Mr Gee asked Mr Choo if there was difficulty for unions reaching all workers with their different needs, and if there were customised approaches to helping the diversity of workers. Mr Choo said that NTUC has about a million members and also various social enterprises like NTUC Income. Each member gets insurance coverage and is also able to tap on legal and employment support. Another approach NTUC has taken is to work with partners such as the Ministry of Transport and Grab to address the issues of the various workers.

In closing, Mr Gee suggested exploring the ideas behind universal basic income and its application in the context of Singapore. He also noted the role of unions and legislation in facilitating the longer-term relationships between workers and the state, and the ways that the private sector can help workers. With that, he thanked the panellists and viewers for joining the online forum.

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If you have comments or feedback, please email ips.update@nus.edu.sg.