

# Singapore's labour crunch: Look at productivity, not age as another approach

**Joanna Seow**

**Straits Times**, 13 January 2019

Given the need to tap the older workforce as well as provide good jobs for ageing Singaporeans, how can companies be encouraged to hire and retain older staff?

Suggestions from experts often involve better measurements of workers' contributions.

For instance, the re-employment age, now 67, could be linked instead to the health-adjusted life expectancy, which estimates the number of years a person is expected to live in good health, says Institute of Policy Studies (IPS) senior research fellow Christopher Gee.

The number was 73.6 in 2016 and is projected to be 76.7 in 2030.

"With health advancements, fixed chronological age milestones become less and less relevant indicators of someone's productive capacity," he tells Insight.

The employee is not forced to continue working if he does not wish to, nor is the employer forced to offer him the same terms as before, he adds.

## REVIEW COMPENSATION

Companies can also change the way they compensate employees.

### AGE-WAGE PAY STRUCTURE

What the employer wants is for the worker to put in more effort than they're getting paid, earlier in life. Later in life, the worker is paid too much, so the employer looks for reasons to terminate them.

NOMINATED MP WALTER THESEIRA, an economist at the Singapore University of Social Sciences, on why pay structures are often still linked to age.

Pay structures are often still linked to age, with older workers being paid more than younger ones. This typically happens because companies want to encourage workers to stay on with the firm, or encourage younger workers to put in a tremendous amount of effort to reach a small number of high pay senior positions, says Nominated MP Walter Theseira, an economist at the Singapore University of Social Sciences.

"What the employer wants is for the worker to put in more effort than they're getting paid, earlier in life. Later in life, the worker is paid too much, so the employer looks for reasons to terminate them," he says.

Removing this age-wage structure could improve the employability of older workers.

This view is echoed by Dr John Elliott, a recently retired associate professor of psychology at the National University of Singapore, who says that paying workers more when they are younger has two major benefits: "You get more money when you need it, for example to start

a family, and less when you're older so it is less of a disincentive for employers to employ you."

But National Trades Union Congress (NTUC) deputy secretary-general Heng Chee How said at an IPS forum last week that front-loading wages may not be the best solution.

"To replace one form of tyranny with another is not necessarily the answer," he said, suggesting instead the use of a more objective performance-based measure to determine pay, regardless of age.

Mr Heng, who is a member of the Tripartite Workgroup on Older Workers, noted that the ratio of maximum to minimum salary for individual jobs here has come down over time as more companies use performance-based systems.

In fact, if issues with employment such as age discrimination or the age-wage structure are addressed, the need for a retirement age could be eliminated, said Associate Professor Theseira.

## **RAISE THE RETIREMENT**

AGE Even though there is a statutory retirement age, companies can already go beyond this to raise or remove the limit for their staff.

A number have done so. Novotel Singapore Clarke Quay and Prudential are examples of employers who scrapped the retirement age, while Gardens by the Bay and ComfortDelGro Group have raised their retirement ages to 65 and 67 respectively.

NTUC secretary-general Ng Chee Meng has called on more employers to voluntarily raise the retirement age for their staff.

Some 20 unionised companies have either voluntarily raised their retirement ages or do not stipulate any retirement age in workers' employment contracts.

Control over how long to work and the intensity of the work emerged as some of the aspirations of Singaporean workers during the tripartite work group's public engagement sessions.

## **FLEXIBLE WORK ARRANGEMENTS**

To encourage workers to extend their working years, companies can also offer flexible work arrangements such as job sharing, where a full-time job is broken into two part-time jobs, work-from-home days or flexible hours.

Mr Lee Pak Sing, divisional director for the workplace policy and strategy division at the Ministry of Manpower (MOM), said in a presentation at the IPS forum that there is scope to raise the part-time employment rate for older workers, which stood at 8.3 per cent in 2017 for Singapore residents aged 55 to 64.

This places Singapore in 23rd position against Organisation for Economic Cooperation and Development countries, compared with its 9th position for the full-time employment rate for older workers.

But some seniors may be working because they need the income, so part-time jobs may not be sufficient for them, notes Ms Lim Sia Hoe, executive director of the Centre for Seniors (CFS).

Some older workers hope for more support to go for training as job demands evolve, although some employers also find their staff are fearful of change.

MOM data shows that the training participation rate among Singapore residents aged 50 to 64 rose from 28.8 per cent in 2016 to 33.7 per cent in 2017, but still remains lower than the overall rate of 47.9 per cent.

Finally, one common theme is the need to shift mindsets among employers to recognise the value of older workers in their organisations.

Institute for Human Resource Professionals chief executive Mayank Parekh says that many studies in the United States have shown that multigenerational workforces are more productive and have less turnover than those without age diversity.

"Stereotypes and the toxic narratives - from 'resistant to change' to 'too old to learn' - should be debunked," he says.

As for those seniors who do wish to retire, good planning in terms of finances and a routine is important, said CFS' Ms Lim.

"Be aware of and understand life transitions so that you are confident to handle changes, take care of yourself and your health, and remain purposefully active in the community," she says.