by Kerry Consulting

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TECHNOLOGY SECTOR BRIEF

Impact of the
FAIR CONSIDERATION FRAMEWORK

Relative to other industries, the technology sector, with its significant numbers of non-Singaporeans in its work force, is expected to face a larger challenge under the new Fair Consideration Framework and the upcoming National Job Bank, which is scheduled to come into effect on 1st August 2014. This development will change labor demographics and in the interim adjustment period elongate the hiring cycle for Technology professionals.

The framework aims to ensure that in matters of employment, Singaporeans will be considered first, allowing local professionals greater access to suitable roles.

Functions that are expected to be hit the hardest include software programming and business analyst positions, where nationals from China, India and Philippines form a sizeable population of IT professionals in Singapore.

Key Challenges

The National Job Bank is designed to be an addition, and not a replacement, to existing recruitment channels. With regulatory oversight and mandatory participation, it has the potential to be one of the largest job portals in Singapore,

making it an investment that can payoff in the foreseeable future.

As companies adjust to the framework, employers can expect a longer lead time to find and hire the right profile. Time inflation can be especially pronounced in sectors like IT, where the local labor pool can often be insufficient in terms of volume or scope. Similarly, slowdowns should be expected in hiring for immediate replacement roles.

As companies wean themselves from their dependency on the import of IT professionals, a higher wage budget may have to be built in to chase the smaller supply of local IT talent in the country.

"MOM and other government agencies will also identify firms that may have scope to improve their hiring and career development practices…**If firms are not responsive towards improving their recruitment and training practices, MOM may impose additional requirements**".[1]

Developments

Companies will have to evolve their hiring and people development strategies from one which has traditionally been reliant on offshore talent to one that is based on Singaporeans.

This will impact the type of recruitment companies that companies traditionally work with; and in turn the background of consultants that recruitment companies typically hire. Recruitment firms whose business model is based on importing overseas IT professionals are expected to be hardest hit.

However, the offshoring and restructuring of certain IT functions away from Singapore may yet create an overhang of IT professionals in the country which should temporary alleviate the shortfall in local talent.

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[1] View the complete framework by MOM at http://www.mom.gov.sg/employment-practices/fair-consideration-framework/Pages/fair-consideration-framework.aspx

Headquartered in Singapore, Kerry Consulting is an Executive Search Company with 6 Asiamoney Headhunters Poll Awards since 2009.

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