



The Business Times:

Restructuring leads to higher incidence of layoffs in 2012: Ministry of Manpower (Singapore)

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By Teh Shi Ming

[SINGAPORE] Economic restructuring and slower growth has taken a heavier toll on Singapore workers, especially those in the services sector, and professionals, managers, executives and technicians (PMETs) who made up more than half of all layoffs last year.

More workers were made redundant - either retrenched or released early from contracts - last year as layoffs also grew a little more widespread. For every 1,000 employees, 5.8 were laid off, up from 5.5 in 1,000 in 2011.

PMETs were more vulnerable than the average worker. For every 1,000 PMETs, 7.4 were laid off in 2012, up from 5.5 per 1,000 workers in 2011.

But, the incidence of redundancy remained at the lower end of the range for non-recession years and below the recession high of 14 in 1,000 workers and 15 in 1,000 PMETs laid off in 2009, the Ministry of Manpower (MOM) report yesterday said.

Reflecting the "growing vulnerability of mid-level white-collar workers due to globalisation and technological innovations, which had previously impacted mainly blue-collar manufacturing workers", the incidence of PMET layoffs (7.4 in 1,000) was also above that for production and related workers (5.2 in 1,000) and clerical, sales and services workers (2.5 in 1,000).

The impact of industries shifting away from their reliance on cheaper, abundant labour towards productivity-driven growth was also clear. Restructuring of business processes for greater efficiency topped the list of reasons of layoffs in 2012. It led to 37 per cent of layoffs, up from 34 per cent in 2011 and 23 per cent in 2010.

"As our economy restructures, it is natural that we will see some amount of redundancy," said Acting Manpower Minister Tan Chuan-Jin in a Facebook post on the figures. Poor business or business failures not due to recession was the next largest cause of 23 per cent of layoffs, followed by business reorganisation and high operating and labour costs.

These contributed to large jumps in financial, wholesale & retail trade, and professional services layoffs, which meant that the services sector formed the bulk (57 per cent) of redundancies last year, overtaking both the manufacturing and construction sectors, which had fewer layoffs.

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The incidence of layoffs among services workers also rose to 5.1 in 1,000 last year, from 3.8 in 2011. Manufacturing workers were still more vulnerable, with 10 in every 1,000 laid off last year, but this rate fell for a third straight year.

"In this climate, employers may find it easier to find workers," said Mr Tan, stressing also the need to support laid off workers as they seek new jobs. Last year, the average time taken to regain employment stayed at 2.1 months, but the proportion of those laid off in the first three quarters of 2012 who found new jobs by December slipped to 68 per cent, from 70 per cent in 2011.

This was partly due to more laid off PMETs, who face competition from the growing pool of tertiary graduates. Some PMETs with savings may also prefer to take a longer time to find jobs that match their skills, qualifications and salary expectations, MOM said.

Residents laid off from PMET positions were mostly in their 30s and 40s, and a majority of 69 per cent were displaced from services jobs, led by financial and insurance services (23 per cent).

In fact, financial services was also the sector with the second-largest jump in layoffs last year - 60.7 per cent. Kerry Consulting general manager Pan Zaixian expects the layoff trend to continue into this year. "Since the fourth quarter of 2012 to date, a number of global banks have announced redundancies and they are only starting to take effect in the earlier part of 2013," he said.

Singapore, as a global services centre for many banks, is also the location they turn too when they need to restructure or reduce costs, Mr Pan said.

But George McFerran, managing director at eFinancialCareers AsiaPacific, is more optimistic. "Senior human resources professionals from international and local banks in Singapore have also confirmed they aren't expecting their organisations to make further redundancies," said Mr McFerran

Pan Zaixian is the General Manager of Kerry Consulting, a Singapore based executive search firm. He can be reached at pzx@kerryconsulting.com.

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http://www.cpf.gov.sg/imsavvy/infohub_article.asp?readid=%7B216192714-17181-1982189416%7D&print=1

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