



Seniors and women are underutilised in a tight labour market, the writer says. Setting in place a mandatory flexible work arrangement can raise their employment rates and productivity, and potentially ameliorate the dependence on foreign labour in the long run. ST FILE PHOTO

Power of flexi-work options in a tight labour market

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For The Straits Times

The Government's recent announcement to tighten the foreign worker quota in the service sector is proving controversial, as many firms worry about a loss of productivity as a result.

However, the tightening provides a golden opportunity for employers to relook their hiring practices and to tap the local workforce, in particular, women and senior workers.

This group of workers is underutilised in the otherwise tight labour market. Setting in place a mandatory flexible work arrangement (FWA) can raise their employment rates and productivity, and potentially ameliorate the dependence on foreign labour in the long run.

Singapore has one of the most educated workforces in the world. Hence, as long as women and seniors return to the job market, the loss of labour productivity when this group exits the market could be compensated. Sadly, the reality is not so simple.

Research has shown that providing care, whether it is to ageing parents, partners or children, is one of the main reasons for prime-age workers to leave the labour market, in many cases, permanently and involuntarily. Due to caregiving responsibilities, many wish to work flexible hours

but when the options are not available or scarce, they have to leave their jobs.

According to Senior Minister of State Heng Chee How's remarks in Parliament last week, Singapore's employment rate for part-time mature workers is only 8.3 per cent compared with 67.1 per cent of their full-time counterparts. Since the majority of caregivers are women, they lose out in employment income. With the population ageing, employers cannot afford to ignore this potential pool of workers. Mr Heng estimated that there are 33,000 female residents between 40 and 59 who are not working due to caregiving commitments.

Mature workers will likely return to work if there are flexible work options. Research from the Centre for Research on the Economics of Ageing, where a nationally representative sample of over 10,000 Singaporeans between the ages of 50 and 70 are interviewed on a monthly basis, found that for the 67 to 70 age group, 25 per cent think they will work after age 70. This increases to 31 per cent if their health is good at 70.

So the desire to work for seniors is undeniable. However, when asked about the reasons for their dissatisfaction with their current jobs, 22 per cent cite too many hours while 9 per cent complain there is no flexibility with hours, with another 15 per cent citing health issues.

For the 67 to 70 age group, 21 per cent are already working full time or are self-employed, with another

14 per cent working part time. Many mature workers work for retirement adequacy reasons or simply to stay active. But it seems that with better flexible options, many more would work and contribute to the economy.

For caregivers, the flexibility not only generates much-needed income, it allows them to stay in the labour market and maintain an employment status. In addition, caregivers will have a greater chance of staying connected and receive training opportunities. This is critical as workers with a continuous employment history are more resilient in the face of employment shocks.

Moreover, there is a greater chance that their skills will stay relevant and they will lose less of their earning potential in the future. This is particularly important for mothers after maternity leave, allowing them to care for their babies and work without having to leave the workforce.

The Ministry of Manpower currently has a FWA scheme which gives employers \$2,000 for every employee on FWA (capped at \$70,000 per company). This is certainly a positive move, but it would have been more effective if the scheme were mandatory. This would make it easier for employees to opt for flexi-work options instead of worrying about being perceived as an underperformer.

An enhanced mandatory FWA should also include casual and part-time workers, who do not benefit from the current scheme.

Most casual workers are women, seniors or both. They already face big challenges in regard to retirement adequacy. An inclusive scheme could increase their job security and provide the platform for them to be self-reliant.

Singapore has one of the longest working hours in the world. Having a mandatory FWA can help nudge both employers and workers to change the gruelling work culture and work towards better work-life balance.

It is worth mentioning that despite management's reluctance, it is simple to monitor workers' productivity while they are on FWA. Technology can be easily used to track workers' performance and facilitate telecommuting. Given that Singapore's economy is largely driven by the service industry, this can be easily arranged.

A work culture that offers flexible work arrangements freely to workers also creates additional benefits to the bustling city-state, potentially reducing traffic congestion and crowding on the MRT network during peak hours, decreasing childcare costs, as well as improving workers' well-being, and seniors' sense of purpose and retirement adequacy. For both employers and the Government, this is a win-win situation. In the long run, it may even increase the fertility rate as it makes it easier for women to have both career and children.

As a fast-ageing country, Singapore is at the frontier of many innovative policies. International evidence has shown that it takes years, if not decades, to overhaul demographic trends, so Singapore should focus on some feasible fixes in the meantime.

Compared with direct subsidies, it is both cheaper and more impactful to enforce FWA to help the ones in need to stay in the workforce and generate income. After all, committed workers are the best inspiration and role models for the next generation.

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