

Challenge of getting staff to work downtown



By JESSICA LIM
 CONSUMER CORRESPONDENT

ASKED if he would work in Orchard Road, Mr R. Ramalingam, 55, shook his head. The father of four has been looking for a permanent job for the past year but won't consider one in the shopping street.

"You know the situation. If I go for a coffee break, how much would it cost?" asked the Bishan resident, who estimates that a meal and a drink would put him back by at least \$5, \$1.50 more than what it would cost at a coffee shop near home.

That might explain why businesses find it hard to hire staff for outlets downtown - in the Central Business District and Orchard Road - compared to suburban areas. They cite a shortage of waiters, cashiers and retail assistants.

Ya Kun Kaya Toast's 15 downtown outlets are each short of two workers. Its 32 suburban outlets are each short of only one.

EpiCentre's nine downtown outlets are understaffed by 25 per cent, compared to 15 per cent for its three suburban outlets.

A similar trend can be seen at 64-outlet Minor Food Group

Singapore, which operates brands like Thai Express, and Dairy Farm Group, which manages chains like 7-Eleven and Cold Storage.

The Ministry of Manpower does not give a breakdown of job vacancies by area, but the Orchard Road Business Association said that its 60 restaurant and retail members are about 30 per cent short of staff for central outlets. Suburban outlets are short by about 20 per cent, said its executive director Steven Goh.

The reason for the difference? Workers balk at longer, costly commutes and pricier meals.

So how do you attract staff to Singapore's core? Economists say the answer lies in pay and incentives.

Last month, a Straits Times reader wrote to the Forum Page asking if the equivalent of a "London weighting" could be adopted for low-wage workers here to encourage them to work in central areas.

In London, some employers pay an annual sum to those who work and live in the capital, a practice pioneered by the civil service in the 1920s. It was standardised across the public sector in 1974, with government indexes on how payments should be calculated.

Many employers took it up. The London weighting remains a practice, as companies find it a useful way to recruit and retain staff in the high-cost capital. There is no standard amount, but the median London weighting



Mandating the equivalent of a "London weighting" here, where employers pay a sum to those who work downtown, would likely be a step backwards as wage costs will rise and firms will come under pressure to cut corners. ST FILE PHOTO

stood at £3,407 (\$6,735) in 2009, according to a report by Britain's Incomes Data Services.

It is enticing to think that such a move would work here, but it is more likely to be a step backwards.

Scenario 1: Suppose firms are forced to cough up the additional quantum for workers downtown. Wage costs go up and firms get the workers needed. But consumers are price-sensitive so each firm loathes being the first to raise prices. Instead, firms are under pressure to cut costs - and may cut corners.

Economics professor Hoon Hian Teck of the Singapore Management University said this would drive firms to desperate measures. "They will try to lower unit costs by making workers work longer hours or cut their allowances," he added. "Welfare is compromised."

Scenario 2: Firms are allowed to opt in for the weighting. Some do so, and start raising the prices of their goods or services to maintain profit margins. The firm gets

its workers, but the price increase leads to a fall in sales. It struggles and cuts corners to reduce costs.

In extreme cases, a firm may even price itself out of the market, leading to a shutdown and job losses, said Prof Hoon.

It is also debatable whether such a weighting will be effective. People avoid working downtown for reasons other than cost.

City outlets are notoriously crowded and close later, which means staff there work harder. Public transport heading towards downtown is congested on weekdays and weekends. Lunch hours are short, because business is brisk then. Staff lack the time to search for cheaper food options.

More businesses have also started to offer work in short three-hour blocks to attract the elderly and housewives. This means long commutes are not worthwhile.

Conversely, suburban outlets are closer to homes, open for fewer hours, serve fewer people and have cheap food options nearby.

Economist and National University of Singapore associate profes-

sor Shandre Thangavelu questioned if such a weighting would be justified in the first place to make up for longer travel time. Someone who works in town may not necessarily be travelling longer distances compared to someone who works in Jurong, he said.

Rather than impose a weighting allowance, company executives and economists say there are other more practical ways to attract workers to work downtown.

Orchard Hotel has a canteen that dishes out four free meals - breakfast, lunch, dinner and supper - to its 380 staff members daily.

Transport is provided after midnight, and it will launch an internship programme in two months' time to attract youth, who tend to view working downtown as hip. Its director of marketing communications Amy Ang said these incentives help mitigate the extra cost of working downtown.

Department store Takashimaya has deals with select stallholders to give its staff meal discounts.

Cobbler Masterfix solved the

The Ministry of Manpower does not give a breakdown of job vacancies by area, but the Orchard Road Business Association said that its 60 restaurant and retail members are about 30 per cent short of staff for central outlets.

problem by rotating its workers among outlets. There are seven outlets - four downtown and three in the heartland. Twelve staff members show up to work at a different location every day. Each gets a \$100 monthly transport allowance.

"Everyone suffers the same inconvenience, everyone gets the same benefits," said owner Webster Tan, 40.

Another suggestion is for firms to reconfigure the way jobs are allocated, said Prof Hoon.

"Look at each worker and assign them to a location that best fits them. The elderly could be assigned to suburban outlets. The youth could be directed downtown," he said.

In the current job market, the employee is king.

The challenge of staffing downtown outlets is likely to persist and even grow, as businesses turn to hiring more elderly workers and housewives who prefer to work near home.

Already, firms are getting creative in seeking ways to attract workers downtown. Incentives like travel allowance, free meals or a transport service after the public bus and trains stop running will go a long way towards persuading workers to take up jobs downtown.

Mandating an across-the-board weighting to persuade low-wage workers to work downtown would weigh companies down.

limjess@sph.com.sg