

The new jobs bank: will it work?

Will the new Fair Consideration Framework give Singaporean workers a fair go in the job market, or will its rules lack enough teeth to be effective? Insight's **Toh Yong Chuan** and **Janice Heng** talk to firms, human resource experts and political watchers.



Office workers in the Raffles Place area at lunchtime yesterday. Experts say the jobs bank looks promising – providing a national focal point for both firms wishing to hire and Singaporeans looking for work. The transparency of firms having to advertise positions for at least 14 days also means they cannot quietly hire foreigners without letting Singaporeans know the job is there. ST PHOTO: JOYCE FANG

SINCE news broke six months ago that firms would be made to give Singaporeans a fair chance when hiring skilled workers, many wondered what form it would take.

The labour movement floated proposals. The Manpower Ministry (MOM) held public dialogues.

Employees, local and foreign, waited to see how it would safeguard or squeeze them. Companies wondered if it meant more red tape and increased costs.

On Monday, the wait ended, with the unveiling of MOM's new Fair Consideration Framework.

Its centrepiece is a government-run jobs bank where firms have to advertise jobs for at least 14 days before hiring skilled foreigners on Employment Passes (EPs). And the ministry will keep an eye on firms which face complaints of bias, or have too few skilled Singaporeans.

The aim: to ease concerns that firms may hire foreigners without giving Singaporeans a shot, and to tackle the practice of foreigners "hiring their own kind".

The new question now is: To what extent will this help level the playing field for Singaporeans?

MOM: I am the boss

THE changes are a dramatic departure from MOM's long-standing preference not to interfere with how firms hire and fire.

"It sends a very strong message to employers that 'I am the boss and I want to protect Singaporeans'," says Member of Parliament Zainudin Nordin, who chairs the Government Parliamentary Committee for Manpower.

But will it work?

Experts say the jobs bank looks promising. Firms can tap a larger pool of job seekers, while Singaporeans can find out about openings. While companies can post advertisements to hire any nationality, they can say that they want only Singaporeans. "The jobs bank provides a national focal point where companies and job seekers know where to look," says Singapore Human Resources Institute president Erman Tan.

One boss who will benefit is Mr Sam Chee Wah, general manager of manufacturer Feinmetall Singapore, who has had trouble getting Singapore applicants: "When we want to hire older, experienced Singaporeans, such applicants may not see our ads, as they may not know all the places online."

ONE-STOP VENUE
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 – Singapore Human Resources Institute president Erman Tan



RULES WITH BITE
 "The possibility of losing work pass privileges is a very real stick that can cause very real pain."
 – Former Nominated MP Siew Kum Hong



FINANCE TRICKY
 "If you look at the industry in Hong Kong, New York, London, it's a melting pot. That is the nature of the industry."
 – Mr George McFerran, Asia-Pacific managing director of eFinancial Careers



LOUD AND CLEAR
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Such transparency also means firms cannot quietly hire foreigners without letting Singaporeans know the job is there.

Some firms may "go through the motions" of advertising jobs, says recruitment expert Martin Gabriel – but it will be harder for them to explain why they cannot find Singaporeans if the jobs do not require specialised skills.

The jobs bank also gives MOM a big-picture view of the market.

Says UniSIM associate professor Randolph Tan: "It focuses on looking for the gaps and, hopefully, using that information as a basis for a manpower training policy to address those gaps."

Firms that MOM places under additional scrutiny will have to hand over data such as organisation charts with nationality information, and plans to develop local staff for higher roles or reduce reliance on EP holders. Those which do not improve may have to promise that for two months before and after seeking or renewing EPs, they will not displace any Singaporeans in similar roles.

Uncooperative firms face a longer wait for EP applications – or even being stripped of their ability to hire foreigners.

Former Nominated MP Siew Kum Hong thinks the moves will bite: "The threat of what is essentially a MOM audit of a company's hiring practices is not to be lightly dismissed, and the possibility of losing work pass privileges is a very real stick that can cause very real pain."

Is there a fear factor?

YET doubts remain. Some think little will change, as most firms already try to hire Singaporeans.

Higher EP minimum pay may not raise local graduate wages

By JANICE HENG

THE Fair Consideration Framework aims to stir firms' sense of fairness. Aimed at their pockets, instead, is another move: raising the Employment Pass (EP) qualifying salary from \$3,000 a month to \$3,300 from Jan 1.

This applies to young graduates from good educational institutions. Older applicants will have to earn even more.

The change is "in line with rising salaries", said the Manpower Ministry. But it was

stagnation – of local graduate starting pay – which Acting Manpower Minister Tan Chuan-jin worried about in a Business Times interview in April. Then, he noted that graduates were earning less in their first jobs compared to older cohorts, after adjusting for inflation.

The rise in EP qualifying pay was meant to "level the playing field" for locals competing against foreign graduates willing to work for less.

The idea is that if foreigners can no longer compete on

"price", local graduate wages should rise.

Will the starting salary rise achieve Mr Tan's aim?

Sure, \$3,300 far exceeds last year's \$3,050 median monthly starting pay for local graduates. But the calculation may not be that straightforward.

Singapore National Employers Federation executive director Koh Juan Kiat observes that "\$3,300 for an EP holder would be comparable to a basic salary of about \$2,800 plus employer CPF. Employers will weigh these costs".

Then there is the question of why firms want entry-level EPs.

The chief executive of interior design and events company Cityneon, Mr Ko Chee Wah, hires both local and foreign graduates.

The \$300 cost increase in itself won't make him favour locals. He says: "When we hire people, it is not about whether they are local or foreign. We hire people with the right skill-sets."

"But if two persons – a local and a foreigner – have the same skill-sets and cost the same to a

company, I am sure most will hire the local."

The problem is when locals do not have the same skills – or do not apply. "Most companies that employ Q1 EP holders do so to fill junior-level positions for which they are unable to hire local candidates," says Mr Mark Hall, vice-president and country general manager of recruitment firm Kelly Services, referring to the lowest tier of EP holders.

Such foreigners are needed for jobs which require niche skills or which locals shun. And higher EP costs are unlikely to

change this.

If so, the change means firms may simply have to pay more, "because of the lack of Singaporeans coming forward to fill those vacancies", worries Singapore Chinese Chamber of Commerce and Industry president Thomas Chua.

The MOM's move should help in scenarios where local and foreign graduates do compete on pay. But if, as suggested, this may not be that common, then it may take more than that to raise graduate starting pay.

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Take Spring Professional, which recruits in IT and engineering – the former being a sector seen as foreigner-dominated. Its managing director for South-east Asia, Mr Serge Shine, says: “From our point of view, local talents are already preferred, since that allows for faster placements.”

A more pressing issue is whether the framework has enough teeth to tackle errant firms.

“For an employer who wants to discriminate against Singaporeans, the framework will continue to allow him quite a bit of leeway,” says NMP and Singapore Management University (SMU) associate professor Eugene Tan, noting firms do not need to produce data such as interview records.

HR consultant David Leong argues that for the jobs bank to work, MOM has to be “actively using the system”, including even conducting “joint job placement exercises” with firms, so that the ministry understands why locals are not landing jobs.

But MOM tells Insight that as many firms already consider Singaporeans, “it would not be appropriate for MOM to assume the worst of every employer, and hence institute intrusive checks on whether they have considered all Singaporean applicants”.

Indeed, firms could argue that they have good reasons for hiring foreigners. International public relations firm Bell Pottinger (Asia) has eight foreigners in its 20-strong Singapore team. “We service both local firms and multinationals, we need the diversity of having both locals and foreigners. If we had a British client, then a British consultant would build a strong rapport with the client,” says chief executive Ang Shih-Huei.

Similarly, banking and finance is seen as a problem sector. But it requires multinational talent to deal with a multinational client base, argues Mr George McFerran, Asia-Pacific managing director of eFinancial Careers. “If you look at the industry in Hong Kong, New York, London, it’s a melting pot. That is its nature.”

And though firms often say the right Singaporeans cannot be found, National University of Singapore (NUS) economist Shandre Thangavelu notes: “The issue of lack of suitable local applicants is quite easy to justify by the firms but difficult to prove otherwise.”

WHERE DOES SINGAPORE STAND?

Skilled foreign labour policies

	SINGAPORE	UNITED STATES	BRITAIN*	AUSTRALIA	HONG KONG
ADVERTISING	■ 14 days on government job bank.	■ 30 days with the State Workforce Agency. ■ Ads on two different Sundays in a local newspaper.	■ 28 days on government jobs site. ■ 28 days through one other allowed method, such as in a newspaper. ■ Exemption for jobs on government shortage list.	■ Two schemes: Employer Nomination Scheme (ENS) and Regional Sponsored Migration Scheme (RSMS). ■ ENS: No advertising requirement. ■ RSMS: Varies by region.	None.
JOB TYPE AND SALARY	Monthly pay of at least \$3,300 for fresh graduates; more for older applicants.	Job must be one for which qualified locals are not available.	Annual pay of at least £20,300 (\$40,700).	■ ENS: Job must be on government list. ■ RSMS: Job must be classified as sufficiently skilled.	Job salary should be at the market level.
FIRM ELIGIBILITY	No restrictions.	No restrictions.	Firms must get a licence to sponsor foreign workers.	ENS: Firms must meet requirements on training of Australians	No restrictions.
ANNUAL QUOTAS	None for skilled workers.	About 120,000 places each year for top executives and experts; those with exceptional ability or advanced degrees; and skilled and unskilled workers.	■ No cap if earning at least £152,100 a year. ■ For other skilled workers, cap of 20,700 for the year ending April 5, 2014.	Occupational quotas, but only for workers applying without employer sponsorship.	None.

NOTE: *European Union citizens are exempted from British work pass requirements.

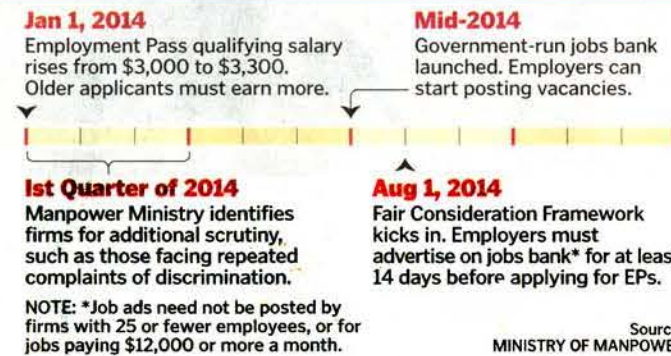
Sources: MINISTRY OF MANPOWER, US CITIZENSHIP AND IMMIGRATION SERVICES, UK BORDER AGENCY, AUSTRALIA DEPARTMENT OF IMMIGRATION AND CITIZENSHIP, HONG KONG IMMIGRATION DEPARTMENT

ST GRAPHICS



Companies could argue that they have good reasons for hiring foreigners – for example, if they serve both local and international firms. PHOTO: JOYCE FANG

FAIR CONSIDERATION FRAMEWORK



ST GRAPHICS

MOM’s additional scrutiny is meant to address this. Firms will receive attention if they face repeated complaints of bias, or have a disproportionately low share of Singaporeans in professional, managerial and executive roles.

For this to be effective, MOM has to “instil the fear factor by strictly... applying it” in sectors and firms where locals keep getting rejected, says Mr Gabriel.

Some have noted that there are no legal sanctions proposed. But the aim of keeping an eye on firms is “not, in the first instance, to seek to mete out harsh penalties”, says MOM. “The goal... is to rectify

the discriminatory employment practices, and this is best done through a cooperative relationship with the firms.”

But it adds: “Should the firms be unresponsive, we do not rule out naming the firms.”

Mr Zainudin thinks this can be effective even if firms are not named: “It will still frighten the socks off firms when MOM steps in, because of our reputation of not taking such things lightly.”

Soothing anxieties

WHAT some see as toothlessness could be deliberate caution.

Mr Siew sees the framework “as an attempt to strike a carefully calibrated balance” on the issue of ensuring fair opportunities for Singaporeans, while preserving openness to foreigners and hence attractiveness to business.

The latter concern may have led to a deliberate light touch, says SMU’s Mr Tan.

Acting Manpower Minister Tan Chuan-Jin himself has stressed this is not a “Hire Singaporeans Only” policy. Firms must give fair consideration, but locals must also prove themselves.

So even as the framework sends a signal to firms to be fair, it reassures them that Singapore is open for business.

But another signal is also being sent to a different audience.

“I think at one level it is clearly trying to assuage Singaporeans’ concerns,” says SMU’s Mr Tan.

Says NUS associate professor Reuben Wong: “In many ways, it’s symbolic. It signals to Singaporeans that their interests are being looked after.”

But both academics dismiss the idea that assuaging Singaporeans’ unhappiness was a primary or major objective. The framework is ultimately aimed at firms, they say.

Dr Wong adds that though the framework may be a relatively light touch, it should be seen in the context of ongoing foreign labour tightening measures: “All the screws are being tightened.”

Asked how it would measure the framework’s impact, MOM says it hopes to see a fall in the number of complaints to watchdog Tripartite Alliance of Fair Employment Practices (Tafep).

It will be an uphill task. Tafep did not reveal exact figures, but said about half of 303 complaints it received last year were nationality discrimination complaints. The complaints spiked to 194 in the first six months of this year and “over half” were over bosses preferring foreigners, said Tafep.

Mr Tan Chuan-Jin declined to be interviewed, but wrote on MOM’s blog that “the Fair Consideration Framework is unlikely to be a silver bullet” as the ministry balances keeping Singapore open, yet keeping hiring fair.

Monday’s announcement ended six months of conjecture. Now, all eyes are on whether MOM has indeed found the right formula.

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