



EUROCHAM MANPOWER SURVEY 2018-2019

EXECUTIVE SUMMARY

The Singapore government announced in 2018 new regulations leading to the tightening of foreign worker employment with measures to develop Singaporean talent in companies. EuroCham agreed with "Ministry of Manpower (MOM)" to conduct the present study with its members and with the national chambers.

The study shows that 54% of European companies are experiencing or expecting a negative impact from MOM's current policies while only 12% reported positive impact. Difficulties encountered were mostly with Employment Pass applications (38%) and renewals (22%). S-Pass applications and Work Holiday passes for interns were the next most important area of difficulties. Nearly half of the respondents reported that positions in their company remain unfilled for at least 6 months. As 57% of European companies surveyed rotate talent from the region into Singapore to provide exposure and development for regional development, 2/3 of those companies are experiencing difficulties in obtaining work passes for their regional talent mobility programmes.

While Singaporean universities are perceived as preparing students well for work in European companies, problems remain for certain skillsets. Gaps identified were: creativity and critical thinking, willingness to take risks, and leadership and communication skills. Companies also reported that attracting Singaporeans to certain industries and mobility of Singaporeans to work outside the country is an issue.

In conclusion, the study proposes case-by-case consideration of problems reported by companies and further dialogue on the impact of these policies. The study also suggests cooperation on long term goals for maintaining Singapore's leading position in human capital in the region, and for Singapore's contribution to the development of regional partners.

RATIONALE FOR THE STUDY

CHANGES IN SINGAPORE POLICY FOR EXPATRIATE WORKFORCE

In March 2018 the Singapore government announced regulations leading to the tightening of foreign worker employment and strengthening of development for the Singapore workforce.

Changes in the Fair Consideration Framework make it obligatory for companies with more than 10 workers and for jobs paying a fixed monthly salary of less than \$15,000 a month to post applications first on the Singapore Job Bank website.

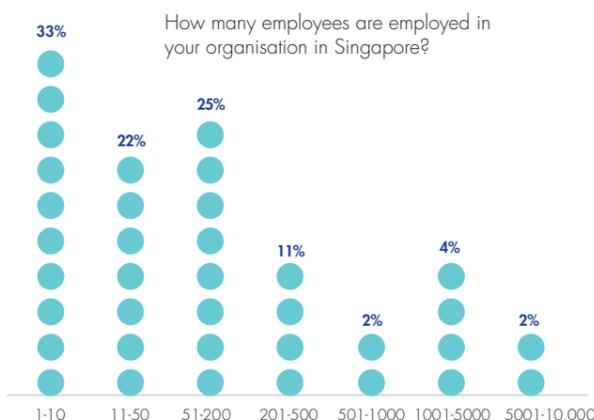
The Government tightened the criteria for Employment Passes (EPs) resulting in slower growth in the number of EP holders each year, from about 5,000 to 3,000 per year, estimating that about 5,000 passes per year will not be renewed.

Informal consultation of EuroCham members showed that this could create difficulties and these concerns were expressed in a dialogue with then Second Minister of Manpower Ms Josephine Teo on 23 April 2018. It was decided at that meeting that EuroCham would conduct a study with its members, together with the national chambers.

The present study is based on 89 responses to a questionnaire by European companies about foreign worker employment and the talent situation in Singapore.

BREAKDOWN OF RESPONDENTS

Data shows that the share of Singaporeans in the Singapore organisations of European companies is between 16% and 28%, regardless of the size the company.



QUANTITATIVE FINDINGS



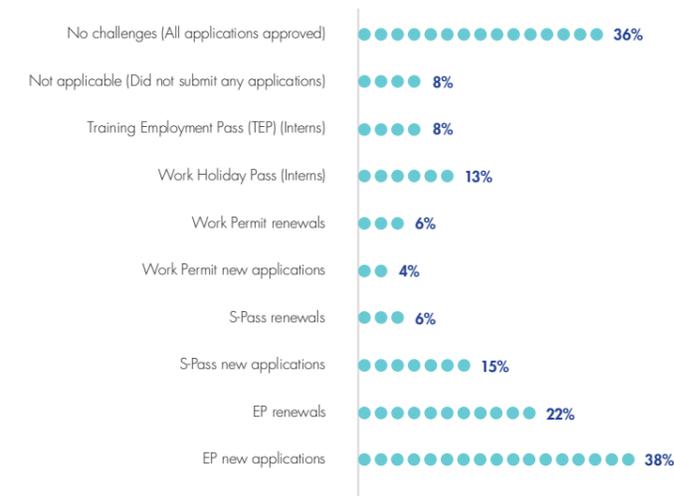
CATEGORIES OF WORK PASS APPLICATIONS THAT PRESENTED CHALLENGES IN 2018

More than a third of respondents report that they have no challenges with application approvals.

For the others, difficulties were mostly experienced with Employment Pass applications (38%) and renewals (22%).

S-Pass applications and Work Holiday passes for interns were the next most important area of difficulties.

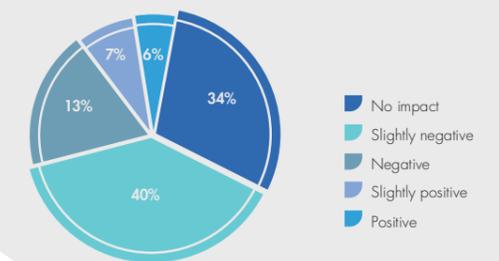
Which categories of work pass applications have presented challenges this year? (Select all that apply)



IMPACT OF MANPOWER POLICIES ON MANAGING TALENT

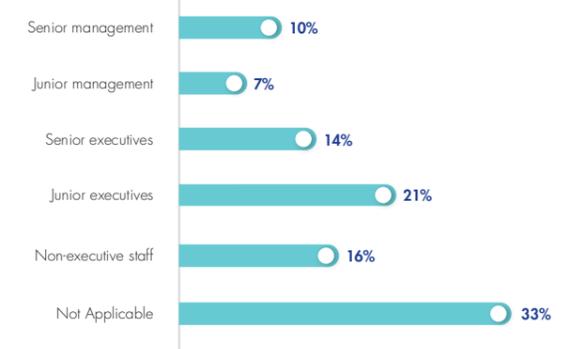
The perception of policy changes is rather negative, since 53% of European companies replying estimate a negative impact from MOM's current policies while only 12% report a positive impact. A third of respondents report no impact.

Estimate the impact of the Singapore government's manpower policy changes on your company's ability to manage talent in Singapore?



HIRING DIFFICULTIES IN SINGAPORE BY LEVEL

At which level of hiring did you experience difficulties?



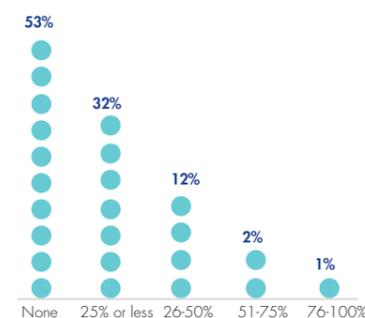
Difficulty in hiring both Singaporean and non-Singaporean talent was spread across all levels in the organisation, and was most pronounced for junior executives.

This finding represents the overall Singapore talent landscape and is not necessarily due to immigration restrictions.

SINGAPORE TALENT LANDSCAPE: DIFFICULTY FILLING POSITIONS FOR AT LEAST 6 MONTHS

Close to half of all respondents say that positions in their company remain unfilled for at least 6 months. This is not entirely due to immigration as low unemployment and skills gaps also contribute, as the qualitative answers show.

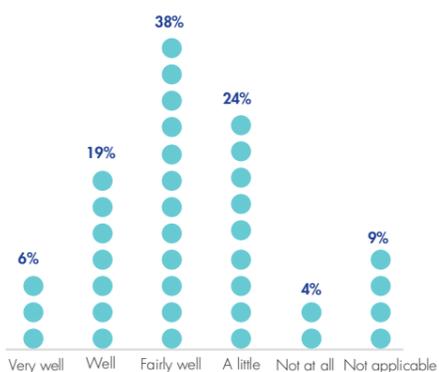
How many positions in your company have remained vacant for 6 months or more?



TALENT LANDSCAPE: PREPARING GRADUATES FOR WORK

European employers believe that Singapore universities do a good job preparing graduates for work (63%).

Indicate the extent to which you think Singapore universities prepare fresh graduates (i.e., those who graduated not more than a year ago) adequately for work.



AREAS LACKING IN SINGAPORE TALENT THAT NECESSITATE FOREIGN HIRES

European companies find certain areas are lacking in Singaporean talent that need to be filled by foreign talent.

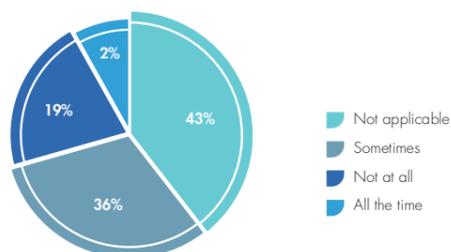
The major gaps (identified by 30% or more of respondents) are in creativity and critical thinking, willingness to take risks, leadership and communication skills.

What skills, experience or qualities have you found missing or inadequate in hiring Singaporean talent that require your company to rely on foreign hires? List the most important areas for your company



DIFFICULTIES IN ROTATING TALENT REGIONALLY

Have you experienced difficulties obtaining work passes for your regional talent rotation?



57% of European companies surveyed rotate talent from the region into Singapore to provide exposure and development for regional growth.

Of those companies, 2/3 have difficulties in obtaining work passes for their regional talent mobility programmes.

QUALITATIVE FINDINGS



MAIN HIRING CHALLENGES IN SINGAPORE

The following qualitative answers indicate difficulties that European companies are facing and what they intend to do about it.

SKILLSETS MISMATCH

- Unable to get S-pass and EP for candidates because no Singaporeans are interested in the vacancies. The vacancy has been open for 9 months.
- Our talent build up requires specialised skills, resulting in positions being open for more than 6 months.
- Prolonged vacancies are due to unsuitable talent in the local market.
- Unable to find qualified local talent but do not want to pay the higher salary cost required for an expat hire.

DIFFICULTY IN ATTRACTING SINGAPOREANS

- People unwilling to work for small company.
- Industries in maritime or located on Jurong Island are unattractive for Singaporeans.
- Singaporeans unwilling to work in blue collar jobs or in the food and beverage industry.

TALENT GROWTH IS TAKING PLACE OUTSIDE SINGAPORE

- We are hiring or transferring people to other locations in Southeast Asia and this makes our talent hub in Singapore less attractive.
- Certain skillsets are difficult to find in Singapore, so we need to reach outside Singapore.

IDENTIFIED AREAS OF OPPORTUNITY TO IMPROVE SINGAPOREAN TALENT

DEVELOP ENTREPRENURIAL DRIVE AND TAKING INITIATIVE

- Develop the drive to self-start, to get things done, to see projects through.
- Develop a preference to take the lead rather than to simply execute.
- Develop willingness to take risks and find out-of-the box solutions.

IMPROVE STRATEGIC THINKING AND MINDSET FOR CHANGE

- Think more globally and internationally.
- Improve strategic thinking and an innovation.
- Develop a mindset to ask why and to be willing to lead change.

PROMOTE MOBILITY AND EXPOSURE

- Promote curiosity about the region and willingness to work abroad.
- Promote an appetite for foreign languages, especially across ASEAN.
- Promote a taste for international exposure and a willingness to gain experience in the field.

CONCLUSION



The study findings allow us to draw the following conclusions concerning the present talent situation in Singapore for European companies:

01 Recent changes in MOM policies concerning foreign employment shows that slightly more than half of European companies estimate a negative impact.

02 Certain categories of work passes continue to present challenges.

03 Nearly half of respondents have vacancies that remain open for 6 months or more, reflecting not only immigration restrictions but also a tight local talent market.

04 Singapore's immigration policies has an impact on European companies for managing internships and for rotating regional talent through Singapore.

05 Identified areas of opportunity to improve Singaporean talent:

- Drive and initiative
- Strategic and innovative thinking
- Lack of mobility
- Certain types of companies/industries are not attractive to Singaporeans

06 While Singaporean universities are perceived to prepare students well for work in European companies, problems remain for certain skillsets, for attracting Singaporeans for certain industries, and for the mobility of Singaporeans.

RECOMMENDATIONS

The European Chamber of Commerce has in Singapore always worked with a positive attitude in resolving issues with the Singapore government. Our members also appreciate many of the Singapore government initiatives to improve Singapore's human capital and to develop the Singaporean workforce within multi-national companies.

The short term issues showing a rather negative perception of the restriction of work passes can be improved through dialogue and case-by-case considerations of problems encountered. EuroCham also proposes pilot programmes to maintain the attractiveness of Singapore as a hub for talent development in the region.

The long term issues concerning areas for improvement in the Singaporean workforce provide an opportunity for European companies to work with the Singapore government. These include not only skills but also attitudes, exposure, and capabilities to help the Singapore government maintain its leading position in human capital in the region, and to contribute to the development of the region.

We look forward to further engagement with MOM to discuss the findings of this study and to continue our dialogue for human development.

SUPPORTING PARTNERS





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