



The Ministry of Manpower has been advocating flexible work measures, launching the Work Life Grant to further encourage firms.

## Pay cuts, salary stagnation await workers in post-pandemic workplace

Salary hikes will be few and far between as firms grapple with COVID-19's sudden impact. But it's not all doom and gloom as some sectors began to feel the need to expand their staff count.

When Ryan first heard about layoffs due to the coronavirus pandemic, he did not feel concerned about losing his job. As a veteran worker in the food industry, he had worked in the same company for over a decade and believed that the firm could ride the storm out. The last time the company experienced a downturn, it managed to keep its staff on reduced pay; he thought the same scenario would play out now. He was wrong.

Ryan's work began drying up in March; by mid-April, the company informed him that he was getting laid off. For the first time in almost ten years, Ryan found himself unemployed. "For the meantime, I can use my savings and will apply for aid whilst sending out one application after another," he says. "I'm going to do some courses on SkillsFuture too."

The coronavirus pandemic has radically affected employees across the globe, and workers in Singapore are definitely no exception.

"Many companies, particularly in industries and sectors that have been adversely impacted by COVID-19 and related measures, have been deferring or re-evaluating talent hire plans. These actions are taken in the immediate to mid-term to manage or mitigate the impact of the pandemic on their businesses and in the longer term to enable them to better assess the outlook and review and reflect on the significance of government subsidies on their businesses," commented **Celeste Ang**, principal at Baker & McKenzie.Wong & Leow.

As firms adjust to the new normal, experts warn that salary growth will generally be off the cards this year, and employees will bear the brunt as

**It is unlikely that workers will see much salary growth this year.**



businesses scramble to implement cost-cutting measures. Still, a few bright spots can be seen where hiring activities will press on, albeit at a severely reduced pace.

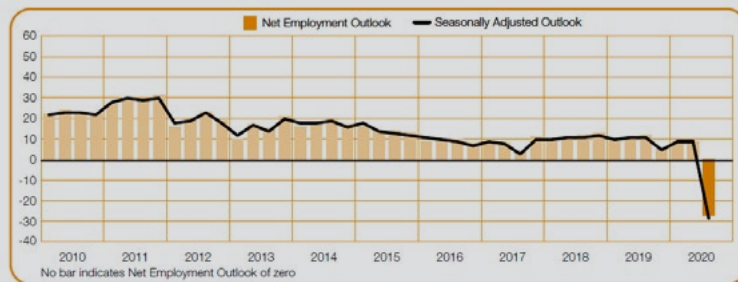
### **Pay cuts, not pay hikes**

At the beginning of the year, industry watchers predicted that demand for industry professionals will continue to grow. Modest salary increases were likely, with the employment market showing signs of cautious optimism.

However, COVID-19's sudden impact has thrown these positive forecasts far out the window.

"It is unlikely that we will see much salary growth this year given many businesses across various industries and sectors have been significantly impacted by the effects of the pandemic (for example, those in the retail, food and beverage, and travel/

## Net hiring outlook for Singapore (Q1, 2010 to Q3, 2020)



Source: ManpowerGroup Singapore

tourism industries),” Ang warns.

She adds that many companies across various industries are implementing cost-saving measures, including interim leave arrangements and salary reductions across all levels of employees. “It is likely that these cost-saving measures will remain in place with variations depending on recovery outlook for the rest of this year. At the moment, these adjustments are temporary,” she says.

This sentiment was echoed by **Rob Bryson**, managing director at Robert Walters Singapore. “Our general expectations are that there will be very limited, if any, salary growth this year in the Singaporean market. Even firms with strong results will not see significant salary increases as they will stay in line with the wider market,” he observed. “The industries that have been heavily impacted are tourism, aviation and retail, food services and events. These are likely the industries that will suffer with the deepest pay cuts and layoffs this year.”

For instance, Singapore Airlines’ management staff suffered pay cuts ranging from 10% to 30%, whilst other employees were obliged to take a week of unpaid leave each month. Meanwhile, senior employees of SIA Engineering Company took pay cuts ranging from 5% to 25%, whilst staff on re-employment contracts were furloughed. Salary increments and promotions have also been halted across the board. The news came after the flag carrier revealed that it is cutting 96% of its capacity and grounding almost 94% of its planes.

Other companies that rolled out

pay cuts include BreadTalk Group, which has reduced senior and middle management’s pay by 10% to 50% for three months until June. Grab also reduced its senior management’s pay by up to 20%, whilst property developer UOL revealed that its managers have taken a salary reduction of up to 18%.

The Ministry of Manpower’s Q1 2020 Labour Market Report reported that reductions in employment were mainly seen in wholesale and retail trade, F&B services and accommodation. “We have already seen significant reductions in these industries. The Singapore government has offered businesses subsidies to help support them through challenging times; however, these support measures are limited and will not be perpetual and may not in themselves be sufficient to ensure survival of those businesses severely impacted. Unless consumer demand and economic activity pick up and government subsidies continue at reasonable levels, we can expect to see more cost-saving measures being implemented,” Ang notes.

Staff who have been laid off or furloughed can expect redundancy or retrenchment benefits, but the scope of these packages will vary depending on the employer. “Firms can and do offer separation packages dependent on a wide variety of factors. At the very least, it is expected that firms, where they have funds available, will at the very least act in accordance with MOM guidelines on layoffs,” Robert Walters’ Bryson said.

Ang agrees. “Generally, separation



Celeste Ang



Linda Teo



Nilay Khandelwal



Rob Bryson

packages for employees who have been made redundant or are laid-off employees are a matter of contract and/or as negotiated and agreed between the employee and the employer. The vast majority of employers will offer redundancy or retrenchment benefits to employees who are laid-off in situations of excess manpower,” she remarked.

Further, Ang highlighted that the Singapore Tripartite Partners, which consist of the Ministry of Manpower, the National Trades Union Congress and the Singapore National Employers Federation, have strongly encouraged employers to take a long-term view of their manpower needs and responsibly implement various cost-saving measures.

“Employers must ensure that their employees are treated with empathy and dignity and the retrenchment exercise is conducted having regard to the Tripartite Advisory on Managing Excess Manpower and Responsible Retrenchment, including in respect of fair selection of employees for retrenchment, early consultation with unions (where applicable), early communication to the affected employees and employment facilitation for affected employees.”

### A few bright spots persist

Still, it’s not all doom and gloom for the job market. A few industries are expected to weather the storm better than others, with selective hiring seen in some sectors. “At the moment, businesses are trying to retain and right-size their existing workforce and are engaging in targeted hiring in areas where talent is most needed.

Of course, there are certain industries and sectors, for example, information and communications technology, which have experienced opportunities and hiring plans are still fairly active for companies in these industries and sectors,” Ang notes.

**Nilay Khandelwal**, managing director at Michael Page Singapore, says that there will be some exceptional sales professionals who will need to be awarded generously despite the pandemic. “Perhaps not in the same quantum as before, but firms need to ensure that they are driving the same revenue for the companies.

# SALARY SURVEY

Technology, semiconductors and biomedical in Singapore, and in some cases e-commerce, will be most positively impacted,” he adds.

Whilst mid-career professionals may see a slump in job opportunities, Khandelwal noted that mid-career job seekers will see a more streamlined hiring process as firms seek to fill business-critical roles. “In certain sectors we see a positive track for consumer electronics or semiconductors, which are all good areas of focus. In totality for mid-career professionals, the number of opportunities is definitely lower. However, within the number of opportunities, whatever is there, the interview process moves quite fast because these are all business-critical roles,” he further explains.

For candidates, this means deciding quickly and not second-guessing their choices. “From a candidate standpoint, you will have to decide very fast, make up your mind and there will be an offer before you even realise. Quite a lot of people are not travelling, so top decision making has been a lot faster. Sometimes candidates are caught off guard at the job offer stage. They actually need some time to digest and have cold feet from moving to another industry because of the market situation,” Michael Page’s Khandelwal noted.

Fresh graduates, meanwhile, must take advantage of opportunities that will prepare them for the eventual economic recovery. “Graduates might have a certain ‘wishlist’ of companies they aspired to get into upon graduation. However, graduates have to be flexible now and keep an open mind. Some have realised the gravity of the situation right now and probably are taking the right call. Based on GFC experience, one thing to avoid will be to let go of a few opportunities because they were not in their ‘A-list’. Look most carefully at those options that will give you a chance to learn new things, explore new areas, and grow as a person,” Khandelwal added.

Ang agrees, noting that graduates must make the most out of the SGUnited Jobs Initiative and SGUnited Traineeships Programme, which are designed to create many

jobs over the next year.

“This is part of the Resilience Budget to create more opportunities for jobseekers and employees affected by the COVID-19 situation. Under the SGUnited Traineeships Programme, over 280 organisations across the private sector, the government and institutes of high learning have offered more than 4,000 traineeship opportunities under the programme. With this, fresh graduates will have opportunities to help them prepare for the eventual recovery phase,” Ang commented.

## Hybrid work on the table

A hybrid work arrangement will likely be embraced by many companies as the economy slowly restarts.

“After speaking to companies and professionals, we do expect some form of flexibility to come in as we go back to work. We have the global example of Twitter allowing their employees to work from home indefinitely, and we have seen more of that coming from the tech firms, where you can actually get your work done when being remote and that puts a bit of a question mark on office space. That has started conversations between players in the market as to whether or not to downsize offices,” Michael Page’s Khandelwal says.

However, don’t expect many companies to imitate Twitter in implementing a permanent work-from-home arrangement. “Cases of companies allowing most employees to work from home permanently are rare. Even for employers who

**Most HR consultants expect some form of flexibility to come in as the workforce returns to a traditional work routine.**



are open to telecommuting they might not totally shift to remote working permanently. Instead, they are more likely to offer a hybrid work arrangement where staff can opt to telecommute on a regular basis,” observes **Linda Teo**, country manager at ManpowerGroup Singapore.

## Looking beyond the pandemic

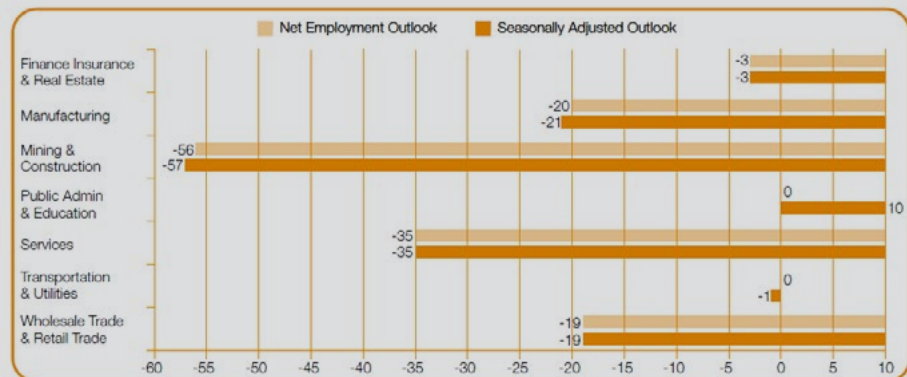
Firms will need to adjust as authorities mandate physical spacing of at least one metre apart at work stations and common areas, staggered work hours and breaks, and shift in mindset and ensure regular cleaning and controlling access to the workplace.

“We are likely to see a change in density in the office with workstations spread out to comply with 1-metre distancing, physical movements of workstations and furniture in common areas and meeting rooms and physical barriers or demarcations around the workplace, common areas and meeting rooms. The situation may be different for specific workplaces like factories, worksites and others which may have to fulfil additional requirements,” Ang says.

Teo agrees, adding that companies that want all employees to be physically in the office may need to rent more office space or rent a separate site. In terms of office culture, Khandelwal notes that there will be growing pains as firms and workers adjust to the new normal.

In the meantime, employees have no choice but sit and wait for the situation to improve.

## Net hiring outlook across for Q3 2020



Source: ManpowerGroup Singapore