



## Uncertain times- Aware and Beware!

In his book, '*Mean Markets and Lizard Brains*', Terry Burnham, a former Harvard professor derived that people have two brains: a higher rational brain and an instinctual "*lizard brain*" full of irrationality and innate urges. Often, the *lizard brain* dominates.

It is this dominance of the "lizard brain" that often leads to economic disasters and uncertainty. Globalisation and rapid technological advancements are changing the environment at a speed of thought. Enormous challenges are accompanying such changes, and so are opportunities. As with other economies, Singapore's employment landscape is undergoing a dramatic change. On one hand, the tight labour market and changing industry demands are triggering employee mobility from one industry to another. On the other hand, it is also emphasising the learning and development to embark on the concept of lifelong learning, enabling enhanced employability in order to stay relevant in the modern economy.

### Unfolding the Singapore's employment landscape

Immediately after independence, the unemployment rate in Singapore was ranging between 10-12%. The Economic Development Board was set up in 1961 to formulate and implement national economic strategies, focusing on promoting Singapore's manufacturing sector. Industrial estates were set up. Foreign investment was promoted to the country with tax incentives. The industrialisation transformed the manufacturing sector to revenue generating one. Thereafter, there was a growth in the service industry, driven by demand for services by ships calling at the port. These progresses helped to alleviate the unemployment crisis. Big oil companies like Shell and Esso were attracted to establish oil refineries in Singapore. The government developed the education system that adopted English as the language of instruction and emphasised on practical training to create a pool of competent workforce well-suited for the industry.

Economic success in Singapore continued through the 1980s onwards, with the unemployment rate falling to 3%. During the 1980s, Singapore began to upgrade its industries to higher-technology industries, such as the wafer fabrication sector. With the opening of Changi Airport in 1981, the service and tourism industry grew immensely during this period. Singapore Airlines became one of the top airlines in the world. Singapore's economy and employment were fine till the Asian financial crisis hit the country in 1997.

The effect of the Asian financial crisis was so severe that the Singapore's government had to implement tough measures such as cuts in the CPF contribution. Accompanying the backdrop of dark economic prospects were the SARS outbreak in 2003 and the September 11 terrorist threat

which lend a negative global impact. Global unemployment figures rose as companies restructured and merged; retrenchment became the buzzword and structural unemployment became a cause of concern for the unskilled individuals. According to estimates from the Ministry of Manpower, Singapore's overall unemployment rate rose from a seasonally adjusted 1.7% in December 2007 to 2.0% in March 2008 and further to 2.3% in June 2008. The National Trade Union Congress (NTUC) said some 3,000 unioinised workers may be laid off this year. But NTUC said, ***"Retrenchment may rise probably next year when business continues to deteriorate"***

A recent survey of 218 companies by the Singapore Human Resources Institute (SHRI) and RDS showed that 11 per cent of companies polled said either they have laid off employees or are planning for a retrenchment exercise this year.

### **Macroscopic View**

In early 2008, Mr Jan Hatzius, chief economist at Goldman Sachs predicted further disastrous consequences for the global economy, sighting numerous factors such as the cost of the war in Iraq, high record of oil prices, sub-prime defaults and growing unemployment. He says, *"The potential for an economic implosion and subsequent world recession is huge and could surpass the biggest financial crash in history of that of the Great Depression"*.

The Great Depression, a dramatic, worldwide economic downturn, took place from 1930 to 1939, starting with the US and spreading to the rest of the world. During this time the prices of stock in the US fell 40%. 9,000 banks went out of business and 9 million savings accounts were wiped out. 86,000 businesses failed, and wages were decreased by an average of 60%. The unemployment rate went from 9% to 25% with about 15 million jobless people. Confidence evaporated overnight. The bubble-economy collapsed and the world entered into the Great Depression.

It was during this period that trade and businesses in Singapore were heavily affected. Businesses trading in commodities like tin and rubber were faced with bad shake-up. Government had to retrench workers and many suffered pay cuts. By 1931, one third of the population in Singapore was out of job and a new law was passed by the Government to restrict and reduce the number of immigrants coming to Singapore.

The current sub-prime crisis and the Great Depression seem to boast some similarities. The Great Depression was not a sudden total collapse but a gradual process that sparked a sequence of major financial catastrophes across the US and subsequently around the globe. This gradual process continues to affect the global employment landscape as the economy evolves to meet globalisation needs.

An interesting statistic was revealed in a report published by International Labour Organisation (ILO). The report - Global Employment Trends January 2008 highlighted that five out of ten people in the world are in vulnerable employment situations and five out of ten are living with their families in poverty, despite working.

### **The Link**

The Singapore government emphasizes on continuous learning and re-skilling to push workers for better-paying jobs with better career prospects. In the knowledge-based economy, only the 'relevant and current' will stay employable. It is a tough battle field not only for employees but also for the employers; who now have to be more selective in their talent selection.

SHRI recent study on the *Singapore's changing employment landscape- turnover and learning and development concerns* has revealed that learning and development is a critical factor for individuals who want to fit in the Singapore's changing employment landscape. This factor is also seen to be adopted in companies who want to retain staff, managed their turnover rate or to attract talent.

However, the present situation is quite tricky, where economic uncertainty and possibilities of unemployment coexist with voluntary employee turnover and mobility. Such a situation is definitely not good for both the employers and the employees. If not controlled well on time, the environment may do the balancing act. The study also revealed, *unsure of career progress, lack of career opportunity, achievement not recognised and lack of learning opportunity* to be some of the most significant reasons of employee turnover.

In order to address employee turnover, some of the steps that are either being taken or planned to be taken by organisations in Singapore include *improved employee communication/involvement, increased learning and development opportunities, increased pay and improving work/life balance*. However, the top learning and development challenges faced by organisations in Singapore are retaining the employees once they have been trained. In many cases, competitors of an organisation reap the benefits of learning and development investments made by them.

### **Call for action**

Peter Lynch, a renowned Wall Street stock investor gave an interesting insight on human tendency. Putting it metaphorically, he said, *"in Mayan mythology, the Universe was destroyed four times, and every time the Mayans learned a sad lesson and vowed to be better protected- but it was always for the previous menace.....2000 years later we are still looking backward for signs of the upcoming menace but that is only if we can decide what the upcoming menace is....."*

Historically, we can observe patterns of occurrence of events that engulf the world in a certain way. In times of such menaces, Darwin's theory of *survival of the fittest* has proved to be worthy. Thus at each level, be it micro or macro, the call for action is to strengthen oneself by sharpening the skills and climbing up the value chain.

Continued slowdown in the global economy has seriously affected the employment scenario. There might be more and more resource constraints in days to come. The key would be optimal utilisation of available resources.

Speaking at a business federation forum, Minister of State for Trade and Industry Lee Yi Shyan admitted that the city-state's companies face challenges with rising operating costs and the slowdown in the global economy. However, he said, certain industry sectors such as medical technologies, oil and gas, environment and renewable energy, healthcare and wellness, education and lifestyle products and services are also expected to demonstrate good growth.

HR practices play strategic role in the employment/labour market equation. In aggregate, they determine how employees are recruited, managed and redeployed within the economy. HR practitioners also have the capability of creating economic value in employees through learning and development. There are revolutionary changes to the employment landscape of Singapore. The acquisition of new skills to take on changing jobs or entirely new jobs is vital to maintaining employability in the new employment landscape. The Importance of Lifelong Learning must be amplified.

Overall, though the situation looks quite tough ahead the challenge would be to control the 'lizard brain' that might lay deep within each one of us. The mantra for both employers and employees should be- ***stay focused and stay patient, situations are bound to revive!***

*"It takes a lot of courage to release the familiar and seemingly secure, to embrace the new. But there is no real security in what is no longer meaningful. There is more security in the adventurous and exciting, for in movement there is life, and in change there is power."*  
- Alan Cohen

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