



## How to organise your workforce for the volatile world

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At the beginning of this year, the labour market was strong. *The Straits Times* reported that over the past 10 years, local employment had grown steadily to 80.8 per cent with low unemployment at 3.1 per cent according to the Ministry of Manpower.

Real wages grew by 3.8 per cent over the last five years. If you were a business leader who foresees strong growth for your company, you would be mass hiring like Dyson who sought 2,000 new employees over four years.

As a forward-looking employer, you might have hired for stellar growth in your business. This is especially common if you are involved in promising technology sectors. Then you witnessed an unprecedented 80 per cent drop in revenue in three months.

Don't worry. You are in good company. Even established companies such as Grab had to retrench five per cent of their workforce, followed by Airbnb with 25 per cent and Singapore's 3,220 retrenchments in the first quarter of this year alone.

This scenario is more common than you think. If this reflects your situation, you must realise that there must be a better way to deal with all these upheavals. Even if your business is super resilient like Facebook or Microsoft, who can afford to hire more during this period of economic carnage, steps to increase the resilience of your workforce should be accepted by the organisation.

## Accept the reality of retrenchment

One of the major drivers of employment pain lies in the false belief that economic cycles

will last every 10 years. The reality is that while COVID-19 happened slightly over 10 years after the Global Financial crisis of 2008, companies had been forced to retrench due to a variety of factors such as technology disruption, competition, or poor management. There is a significant chance that you have to conduct a responsible retrenchment exercise for your company and cut working ties with cherished employees.

### Retrenchment

	Number										
Year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Annual	9,800	9,990	11,010	11,560	12,930	15,580	19,170	14,720	10,730	10,690	n.a
1st Qtr	2,400	2,750	2,600	2,120	3,110	3,500	4,710	4,000	2,320	3,230	3,220
2nd Qtr	2,280	2,020	2,210	3,080	2,410	3,250	4,800	3,640	3,030	2,320	n.a
3rd Qtr	1,930	1,960	2,850	2,710	3,500	3,460	4,220	3,400	2,860	2,470	n.a
4th Qtr	3,190	3,250	3,350	3,660	3,910	5,370	5,440	3,680	2,510	2,670	n.a
Number of Retrenchments Per 1,000 Employees	5.7	5.5	5.8	5.8	6.3	7.4	8.9	7.0	5.1	5.1	n.a

Source: Labour Market Survey, Manpower Research & Statistics Department, MOM  
Latest figures published in: Labour Market Report

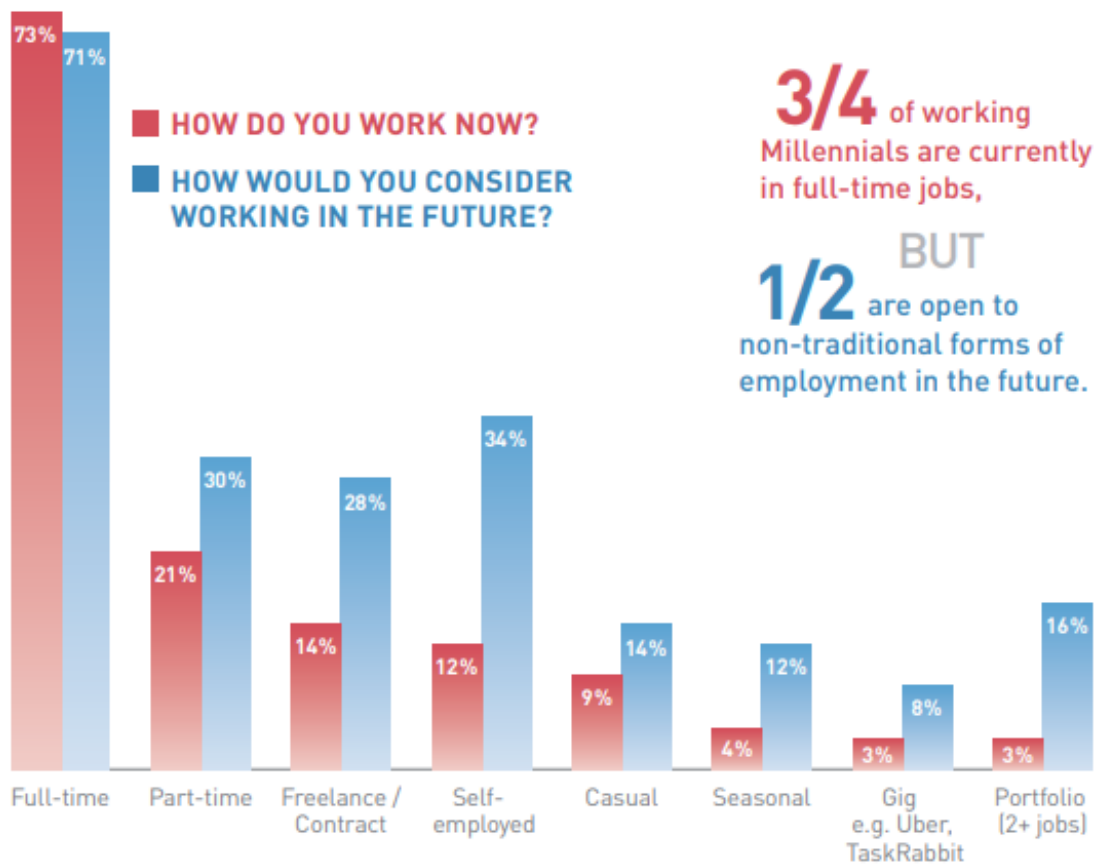
Source: Singapore Ministry of Manpower

The table showed that despite the worst pandemic since the 1918 Spanish Flu, the first quarter retrenchment was the lowest over the past five years. 2015 was the famous year when Singapore added a net 100 new jobs over perceptions of peak workforce and 2016 saw record retrenchments for middle-aged and highly skilled workers.

Genting Singapore and RWS had to cut their manpower in 2016 over China's economic slowdown and graft fighting campaign. Hence, this is not the first time where even large companies had to bow to changing macroeconomic conditions. This would not be the last time either. The reasons for retrenchment would be different for each period but volatility is clearly here to stay.

## Hire millennials

Millennials grew up in an era where their parents experienced uncertain employment conditions in the 1980s, 1990s and 2000s. If you recall, the major events were the 1984 recession, 1997 Asian Financial Crisis, SARS of 2003, and the Global Financial Crisis of 2008. They have seen their parents join and leave jobs at least three times in their lives as job security eroded steadily over the past three decades.



Source: Manpower Group

The majority of millennials are working in full-time jobs now, but they are open to jobs with lesser security such as self-employment and freelancing. They will do it for the sake of more money, recognition, and good co-workers. For millennials, the definition of security lies not in the security of full-time work but in the skillset which they possess. In other words, they value career security over job security.

So, while they might be sad initially to receive your retrenchment letter, they bounce back faster than you imagine. They can always work for someone else or themselves in the meanwhile and you can hire them back when the company gets back on its feet. Ninety-three per cent embraced life-long learning and would probably be glad to take a master's degree during the break.

## Flexible working arrangements

Permalancing might not be familiar with you yet. It involves the combination of freelancers and permanent work assignment. Freelancers focus on doing piecemeal jobs which might not work if you have to continuously brief a person to a piece of recurring job. You would get the operational flexibility to increase and decrease your production capability with permalancers.

Permalancers would typically work with two to three companies at any one time. It would not be devastating for them to lose a client. You might have to pay more for permalancers than employees.

Clearly define work scopes for established positions would be necessary. Established positions are work areas where the work value is defined, requires specialised skills, and could be done in a reasonable set of time. Scope creep is a common blunder for companies, be it with employees or other forms of labour.

Period	Work Time	Expected Work Outcomes
Day 1	30 mins	Familiarity of Internship Scope of Work: Onboarding Video Call
Day 1	3.5 hours	Learning through a series of accounting and tax videos and familiarisation of checklists and working templates
Day 1	4 hours	Learn bookkeeping and tax processes for Dormant Company
Day 2 & 3	16 hours	Practise with Dormant Companies until the work can be completed within 2 hours.
Day 4	8 hours	Learn bookkeeping process for Emerging SMEs and learn the compilation of financial statements (Income Statement, Balance Sheet, Cashflow Statement, Notes to Accounts etc)
Day 5	8 hours	Learn the preparation of tax computation for Emerging SMEs.
Week 2	40 hours	Continue to practise with Dormant Companies and Emerging SMEs and their income tax calculations under close supervision.
Week 3 to 8	240 hours	Continue to contribute to 3E to provide accounting and tax services to Dormant Companies and Emerging SMEs.

Source: 3E Accounting

For instance, [3E Accounting](#) has a clear work scope even for their interns. They have a structured and consistent process to deliver results. This type of structured process provides permalancers with the confidence to take on regular projects in the long run. Clearly, this would not apply for all companies as some work processes are inherently complex.

## Stability in volatility

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We live in interesting times. How we organise our ability to contribute to society, be it for monetary or other rewards, would determine our quality and way of life. It is not just about structural skills mismatch but also the arrangement for skills to be applied for goods and services to be created. That arrangement had to provide a level of stability in this volatile environment.

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