

Fair Employment Practices

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**MINISTRY OF
MANPOWER**

Manpower Research and Statistics Department
Singapore

November 2020

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FAIR EMPLOYMENT PRACTICES

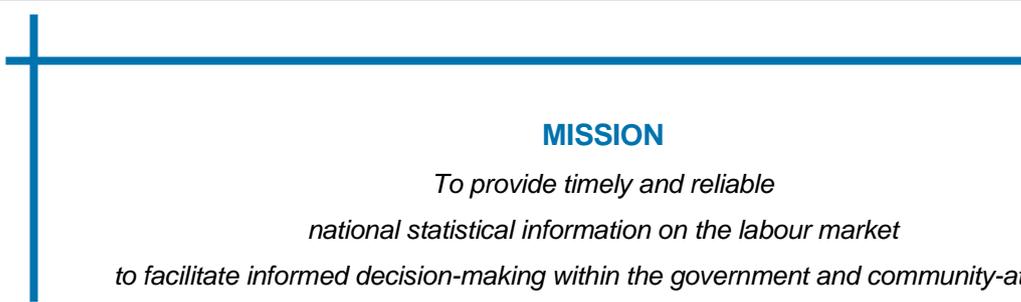
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Executive Summary

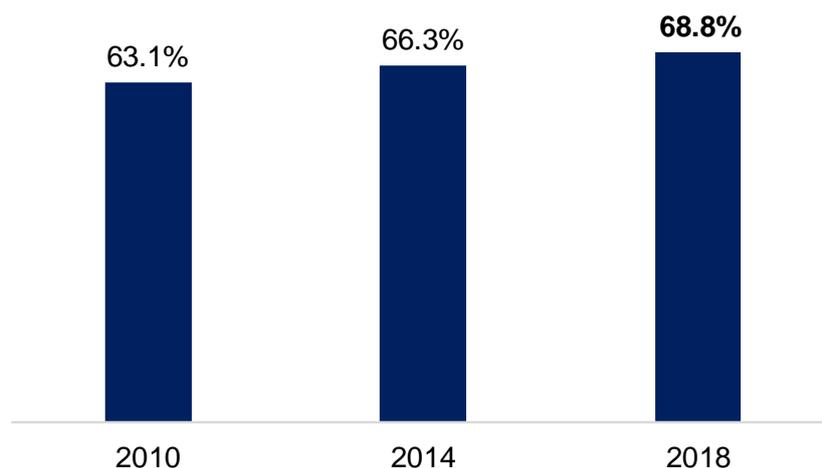
- Seven in ten private establishments (69%) have put in place structured HR processes and objective criteria in their assessment of job applicants. The proportion of establishments doing so has been increasing steadily since 2010 (63%). Most establishments that have not done so attributed their inaction to the lack of resources and expertise. They consist mainly of non-unionised and small establishments.
- The finding that majority of employers have been practising fair hiring was corroborated by workers' positive job search experience. On average, 85% of job applicants surveyed agreed that their personal characteristics (age, gender, marital status, pregnancy status, number of children, race, religion or nationality) did not impede their ability to find work. However, the percentage who perceived discrimination during their job search process has increased from 10% in 2014 to 15% in 2018. The increase could reflect a confluence of factors, including heightened attention on discrimination following increased media coverage and publicity on enforcement action, as well as poorer sentiments about job search in 2018 amid global uncertainties and weaker economic conditions.
- Over 80% of employees felt that they were fairly treated at work by their organisation, including pay, bonuses, employment benefits, training, performance appraisal and career advancement opportunities.
- The study adopted least square regression and logistic regression on firm/individual-level data to analyse the:
 - i. Impact of fair hiring practices on employee retention
 - Employers who implement fair and objective hiring practices have benefitted from higher employee retention. On average, the resignation rate of PMETs was estimated to be 24% lower in firms that engage in fair and objective hiring practices.
 - ii. Relationship between perceived unfair treatment at work and structured HR processes
 - The likelihood of perceived unfair treatment is lower for workers in organisations with structured HR processes.

1 Fair Hiring

1.1 A large majority of private establishments (69%) in 2018 have put in place structured HR processes and objective criteria¹ to assess job applicants (Fig. 1). Most establishments that have not done so attributed their inaction to the lack of resources and expertise. They consist mainly of non-unionised and small establishments.

1.2 The proportion of establishments adopting fair hiring practices has been increasing steadily since 2010 (63%). This increase was more prominent among large firms (81% to 91%), which have the ability to build up their capabilities over time. The proportion also improved among smaller firms (61% to 66%), but less so compared to large firms. This could be because smaller firms are more likely to be new businesses which may not have had the same runway to implement fair HR procedures.

Figure 1: Proportion Of Private Establishments That Adopted Fair And Objective Hiring Practices



Source: Supplementary Survey on Fair Employment Practices, Manpower Research & Statistics Department, MOM

¹ Having hiring decisions based on a panel of interviewers, proper records of recruitment and selection of candidates, formal training and/or written guidelines to assist hiring personnel, as well as written job descriptions are part of structured HR processes in the recruitment and selection of candidates.

1.3 Employers who implement fair and objective hiring practices have benefitted from higher employee retention. By adopting an ordinary least square regression on firm-level data and including firm and industry controls, it was found that firms with fair and objective hiring practices had a lower resignation rate, and the results were statistically significant. On average, organisations which adopted fair and objective hiring practices have a 24% lower resignation rate for professional, managerial, executive and technician (PMET) employees (Fig. 2).² When employers are objective in assessing candidates' abilities for the job, there is greater assurance of a good job fit. This in turn reduces employee turnover, and benefits the organisation through knowledge retention and lower cost of replacing valued employees.

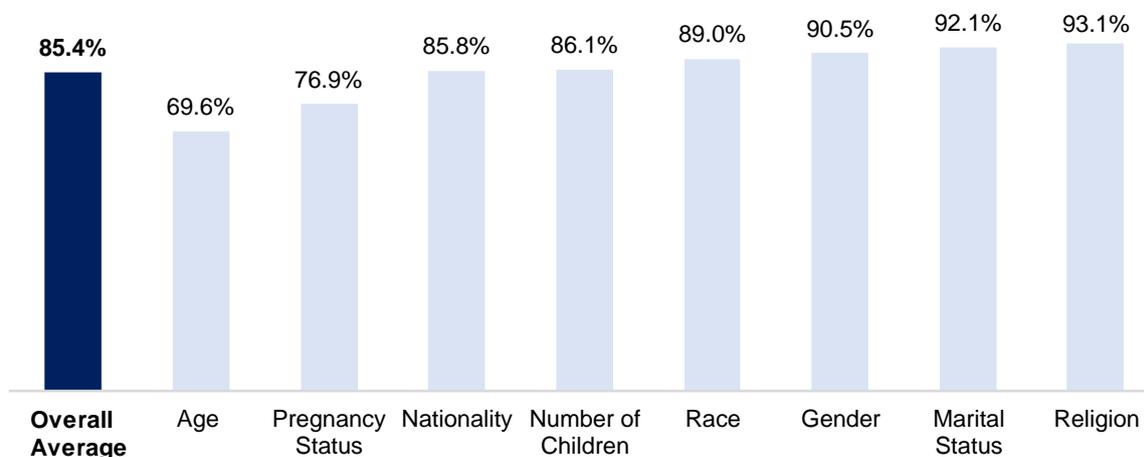
Figure 2: Estimated Impact of Presence of Fair Hiring Practices on Resignation Rate of PMETs

	PMET Resignation Rate
Among private firms without structured fair hiring practices	2.2%
Among private firms with structured fair hiring practices	1.7%
Percentage Change	24.5%

² As the average resignation rate of PMETs is notably lower than that for non-PMETs, the regression was performed separately for the two groups of employees. While post-estimation diagnostic test on the regression model for PMETs showed that we are not able to reject the null hypothesis of correct model specification and the absence of omitted variables, this was not the case for the regression on non-PMETs. This could be because of omitted individual-level predictors which are not available in firm-level data. For instance, non-PMET employees tend to be workers with weaker labour market attachment (e.g. females and older) who could have factored work-life flexibility and personal reasons more in their decision to resign from jobs.

1.4 The finding that majority of employers have been practising fair hiring was corroborated by workers' positive job search experience. On average, 85% of job applicants surveyed agreed that their personal characteristics (age, gender, marital status, pregnancy status, number of children, race, religion or nationality) did not impede their ability to find work (Fig. 3). However, the percentage who perceived discrimination during their job search process has increased from 10%³ in 2014 to 15% in 2018. The increase could reflect a confluence of factors, including heightened attention on discrimination following increased media coverage and publicity on enforcement action, as well as poorer sentiments about job search in 2018 amid global uncertainties and weaker economic conditions.

Figure 3: Proportion Of Job Applicants Who Agreed That Their Personal Characteristics Was Not An Impediment To Finding Work



Source: Supplementary Survey on Fair Employment Practices, Manpower Research & Statistics Department, MOM

Notes:

- (1) Data are based on persons who have engaged in job search in a one-year period.
- (2) Data on number of children are based on female jobseekers with at least one child.

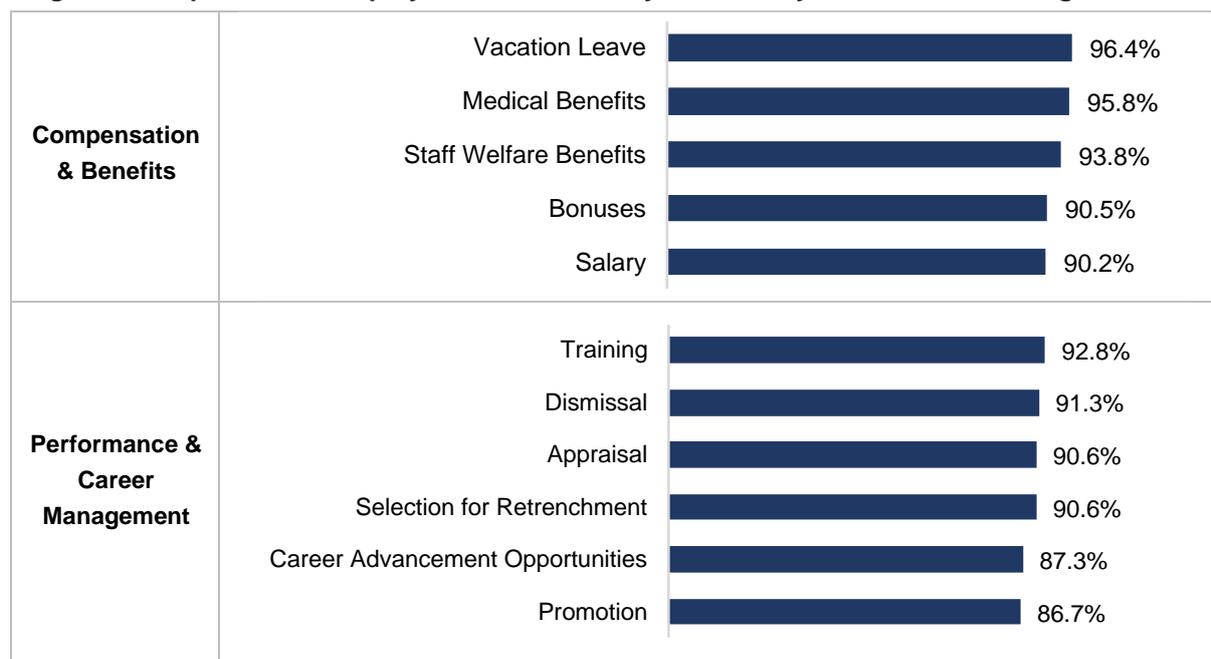
1.5 Compared to other personal characteristics, job seekers were more likely to feel that their age placed them at a disadvantage in the hiring process. This could stem from the incongruence in perception of job fit between employers and job seekers, for instance, on the skills or abilities required to meet job demands. Less salient personal information on pregnancy status were also more commonly viewed by job seekers as an impediment to finding work, possibly linked to the perception of not being able to perform physically strenuous tasks during pregnancy.

³ Based on personal characteristics of age, gender, marital status, number of children, race and religion. Data on nationality and pregnancy status were not collected in the 2014 survey.

2 Fair Treatment at work

2.1 The survey found that a large majority, or over 80%, of employees felt they were fairly treated at work by their organisation in terms of employment practices (Fig. 4).⁴ The perceived lack of fairness was more likely to occur in opportunities for career advancement. This could be due to the lower prevalence of structured processes in career management as compared to compensation & benefits and performance management.⁵

Figure 4: Proportion Of Employees Who Felt They Were Fairly Treated In Their Organisations



Source: Supplementary Survey on Fair Employment Practices, Manpower Research & Statistics Department, MOM

2.2 Employing a logistic regression model on individual-level data and accounting for factors which could influence the perception of fair treatment at work, it was found that the presence of structured processes in career management, compensation & benefits and performance management has a significant positive impact on workers' perception of fair treatment at work (Fig. 5).

⁴ Among employees who felt unfairly treated, most did not seek remedial actions. For those who did seek remedial actions, they formed about 5% of all resident employees, and they commonly raised it with the management or unions rather than public entities.

⁵ When asked if their organisation has a structured process to manage employees' career development, 64% of the respondents replied in the affirmative. This is lower compared to 73% for performance management and 74% for compensation & benefits.

Figure 5: Estimated Average Marginal Effects From Logistic Regression on the Probability of Perceived Unfair Treatment At Work

	Structured Process In Organisation For		
	Compensation & Benefits	Performance Management	Career Development
Salary	-0.077 *	-0.035 *	-
Bonuses	-0.106 *	-0.033 *	-
Vacation Leave	-0.039 *	-0.019 *	-
Medical Benefits	-0.047 *	-0.025 *	-
Staff Welfare Benefits	-0.087 *	-0.030 *	-
Appraisal	-	-0.031 *	-0.112 *
Promotion	-0.035 *	-	-0.139 *
Career Advancement Opportunities	-0.031 *	-	-0.164 *
Training	-0.039 *	-	-0.094 *
Selection for Retrenchment	-0.061 *	-	-0.062 *
Dismissal	-0.056 *	-	-0.052 *

Notes:

* Statistically significant at 5% level. The average marginal effects for each dependent variable show the incremental increase or decrease in probability of perceived unfair treatment at work.

- Variable not used in the regression

SURVEY COVERAGE AND METHODOLOGY

Introduction

The *Supplementary Survey on Fair Employment Practices* was conducted by the Manpower Research and Statistics Department of the Ministry of Manpower under the Statistics Act (Chapter 317). The survey was conducted in 2018 to both establishments and individuals.

Objective

The survey was conducted to collect information on the state of fair employment practices in Singapore, particularly relating to the hiring process and fair treatment at work.

Coverage

The establishment survey covered private sector establishments each with at least 25 employees. A total of 3,390 establishments employing 1,105,100 employees responded to the survey, yielding a response rate of 86%.

The survey on individuals covered residents in the labour force aged 15 years and over (excluding full-time National Servicemen). A total of 3,474 residents in the labour force were surveyed, of whom 3,125 or 90% responded to the survey.

Methodology

The survey was conducted using mail questionnaires. Respondents could submit their returns online, by post, email or fax, with clarifications made over the phone.

Classification

Respondents' industries, occupations and education profiles were classified according to the Singapore Standard Industrial Classification (SSIC) 2015, Singapore Standard Occupational Classification (SSOC) 2015, and Singapore Standard Educational Classification (SSEC) 2015 respectively.

Data Collected

Establishments were asked if their recruitment and selection process was fair and objective.

Individuals were asked:

- whether employers were less willing to hire them because of their personal attributes;
- whether they felt the organisation treated them fairly in various areas, spanning from compensation and benefits to training and performance evaluation;
- whether the company they worked in had various structured HR processes in place.