

# Fundamental HR Practices

(For Start-up)

Responsible Retrenchment



# TRIPARTITE ADVISORY ON MANAGING EXCESS MANPOWER AND RESPONSIBLE RETRENCHMENT

## Alternatives to Retrenchment

- Send employees for training to upgrade their skills and employability
- Redeploy employees to alternative areas of work within the company
- Implement flexible work schedule, flexible work arrangements, shorter work-week, or temporary layoff
- Adjust wages in line with tripartite norms e.g. monthly variable component of up 10%, freeze increment and annual wage supplement
- Implement no-pay leave (as a last resort)



# How to Retrench Responsibly



1. Fair and Objective Criteria of Selection



2. Communicate to Employees



3. Provide Retrenchment Notice Period to Affected Employees



4. Provide Retrenchment Benefit in line with the advisories



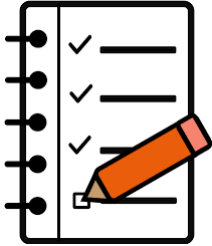
5. Facilitate Employment Options



6. File Manpower Retrenchment Notice (MRN) to MOM



# How to Retrench Responsibly



## 1. Fair and Objective Criteria of Selection

### Guidelines:

1. Establish the criteria of retrenchment
  - Due to business downturn
  - Re-structuring and resulting in job roles no longer required
2. Not by Age, Gender, Race, Marital Status
3. Abide by Tripartite Guidelines on Fair Employment Practices



# How to Retrench Responsibly



## 2. Communicate to Employees

### Guidelines :

1. Communicate the intentions of retrenchment to their employees early and before the public notice of retrenchment is given. This may include:
2. Explain the business situation faced by the company resulting in the need for a retrenchment exercise
3. Outline how the retrenchment exercise will be carried out
4. Elaborate on the factors that will be considered
5. Specify the assistance being offered to those affected
6. When issuing the retrenchment notice, be sensitive to the emotional needs of affected employees. Where necessary, counselling support should be considered and offered.



# How to Retrench Responsibly



## 3. Provide Retrenchment Notice Period to affected Employees

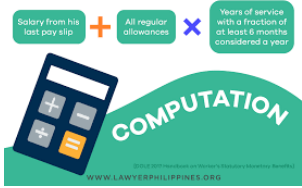
### Guidelines :

1. Retrenchment Notice Period to Affected Employees
2. Employees being retrenched need time to prepare for and look for alternative arrangements. A longer notice period, to the extent practicable, will be helpful.
3. The Employment Act already provides for the following notice period schedule for termination of employment as a minimum requirement
4. **Length of Service**
  - Less than 26 weeks 1 day
  - 26 weeks to less than 2 years 1 week
  - 2 years to less than 5 years 2 weeks
  - 5 years and above 4 weeks

Note : Employers are encouraged to give longer notice than the above



# How to Retrench Responsibly



## 4. Provide Retrenchment Benefit in line with the advisories

### Guidelines :

#### Eligibility

1. Employees with 2 years' service or more are eligible for retrenchment benefit. Those with less than 2 years' service could be granted an ex-gratia payment.

#### Quantum

1. The quantum of retrenchment benefit depends on what is provided for in the collective agreement or contract of service. If there is no provision, the quantum is to be negotiated between the Employees and the Employer concerned subject to the Employer financial situation
2. The prevailing norm is to pay a retrenchment benefit varying between 2 weeks to one month salary per year of service, depending on the financial position of the company and the industry norm. However, in unionised companies, the norm is one month's salary for each year of service<sup>1</sup>.

#### Adjustments

1. If the retrenchment exercise follows shortly after a salary cut, the salary prior to the cut should be used to compute the retrenchment benefit.



# How to Retrench Responsibly



## 5. Facilitate Employment Options

### Guidelines:

1. Employment facilitation refers to activities that improve jobseekers' employability and help jobseekers secure employment.
2. As responsible employers, companies should help affected employees look for alternative jobs in associate companies, in other companies or through outplacement assistance programmes.
3. Employers could go beyond advisory assistance and make practicable efforts to place affected employees in their next jobs, possibly with the help of intermediaries such as employment/placement agencies.
4. Provide supporting documentation (such as referral letters, service records and past training certificates) should also be provided where relevant to facilitate the job search of affected employees.





# How to Retrench Responsibly



## 6. File Manpower Retrenchment Notice (MRN) to MOM

### Guidelines :

1. If you have decided and will be going through a retrenchment exercise, you are strongly encouraged to [submit a notice of retrenchment](#).
2. It is mandatory for Employers with at least 10 employees who have retrenched 5 or more employees within any 6-month period to notify MOM of the retrenchment exercise.
3. Employers must notify **MOM** of retrenchments within 5 working days after they notify their employees.



# An Example of Responsible Retrenchment Practise

## Case 4 - Responsible retrenchment practices



### About the Case

- An established technology company conducted a mass retrenchment exercise of 95 employees across two business units as a result of restructuring and consolidation to better meet the challenging business needs and new opportunities.
- Many aspects of the retrenchment were done responsibly and sensitively to support the emotional needs of employees, and the next steps of their careers.
- Company CEO apologised to employees and explained clearly on reasons for the restructuring and consolidation, and how they had taken other measures to keep business operational during COVID.
- Company had gone beyond TAMEM to provide utmost support in compensation, benefits, and employment facilitation. Employees were appreciative of the severance pay & benefits and transition support provided.



# An Example of Responsible Retrenchment Practise

## Case 4 - Responsible retrenchment practices



### Retrenchment Benefit Package

0.5 month per every completed 6 months of service, i.e. 1 month/year of service

Ex-gratia of 1.5 months of salary for assistance during the COVID-19 crisis and bonus for work done this year.



### Insurance/welfare related benefits

Continued medical insurance coverage until the end 2020.

Expectant parents able to encash their maternity or paternity leave.



### Employee Assistance Programme

(additional 3 months after their last date of employment)



Affected employees could also opt to **keep their laptops.**

## Case 4 - Responsible retrenchment practices



### Job Search Toolkit

Opt-in to the company's internal Directory and Transition Buddy system

Helpful links and videos on interview preparation and resume development



### Job Preparation

Internal and external job search support with internal acquisition team to help apply for another role within company and to network with outside companies



### External Coaching

1-on-1 coaching session(s) with an external coach

Work through difficult emotions, build resilience and move forward with concrete steps



### Learning Support

Access to 6-month subscription to LinkedIn Learning and their entire suite of learning offerings



# Outcome of Responsible Retrenchment

- ✓ Employee will appreciate
  - Employee will always remember how it was managed
- ✓ Employer Reputation and Branding
  - To upkeep the morale of existing staff
  - To attract Talents when the business recovers
- ✓ Not run into compliance issues with MOM & TAFEP



# Resources and Support



## Resources



- **Employment Assistance by WSG** for retrenched employees: [heidi\\_lee@wsg.gov.sg](mailto:heidi_lee@wsg.gov.sg)
- **Programmes and initiatives to upskill employees by WSG:** [WSG\\_QSM@wsg.gov.sg](mailto:WSG_QSM@wsg.gov.sg)
- **Resources and support from TAFEP:** [hcpartner@tafep.sg](mailto:hcpartner@tafep.sg)
- **TAMEM and the other advisories:**

Ministry of Manpower (MOM)  
Email: [mom\\_lrwd@mom.gov.sg](mailto:mom_lrwd@mom.gov.sg)

National Trades Union Congress  
(NTUC)  
Industrial Relations Department  
Email: [ntucird@ntuc.org.sg](mailto:ntucird@ntuc.org.sg)

Singapore National Employers  
Federation (SNEF)  
Industrial and Workplace Relations  
Email: [ir@snef.org.sg](mailto:ir@snef.org.sg)  
(for SNEF Members)





*Thank  
you!*



GREAT VISION  
WITHOUT GREAT  
**PEOPLE**  
IS IRRELEVANT

JIM COLLINS, GOOD TO GREAT



# *Key to Nurturing Talent*



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