Underemployment in Singapore

Third topic in the conference proceedings: Underemployment in Singapore.

Partnership of research between Ong Teng Cheong Labour Leadership Institute and the Lee Kuan Yew School of Public Policy, National University of Singapore (NUS).

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CONTENTS

Research Report

Acknowledgements

Research Project Team

RESEARCH REPORT

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EXECUTIVE SUMMARY

This survey study on underemployment, one of the first in Singapore, proposes that underemployment is too complex to measure with a single indicator (e.g., time-based or skill-based). Through multiple indicators, we identified a seriously underemployed group who are degree holders, working full time and earning less than S$2,000. This group has unique characteristics that are mutually exclusive: Female, no children, employed at businesses that serve mainly the domestic market. Strikingly, only 54% of this underemployed group responded that their skills are recognised at work; in contrast, 75% reported that their educational qualifications are recognised at work.

Underemployed individuals reported lesser job and income security, and a high proportion feedbacked that their status/rank at work is lower than it should for their ability and skills. Delving deeper, their personal circumstance appeared to affect their work situation: Physically, half reported to be in pain, and emotional issues caused them to accomplish less at work. Despite their predicament, they have a remarkably positive attitude and resilience: Over 75% want to re-skill, up-skill and deep skill, although they are unsure of what skills may be in demand, and how to take the next step. These findings suggest the need for stronger recognition of skills by employers and greater awareness on the areas to upskill.

In sum, it will be beneficial to identify the severely underemployed using multiple indicators and offer programmes that help these individuals cope with work and health issues. These individuals will also benefit from a combination of purpose-driven upskilling with a clear target job, and life coaching.

INTRODUCTION

In January 2012, the US Bureau of Labor Statistics estimated that over 10 million Americans are underemployed [1]. The sheer magnitude of underemployment in America and around the world have caught the attention of policy makers and politicians. Singapore uses a time-based criterion for underemployment which only identifies part-time workers who are willing and available to engage in additional work [2]. This study seeks to contribute to this pressing issue, and aims to distil characteristics of underemployed individuals in Singapore and in doing so, lay the ground work for identifying those at risk for potential interventions.

A widely accepted definition of underemployment, from McKee-Ryan and Harvey [3], defines it as working in a job that is unable to fully utilise the employee's skillset and full working capacity to the fullest. At present, there are five mutually exclusive ways of indicating underemployment:

- Workers succumb to work part-time, temporarily, or intermittent job involuntarily.
- Workers that earn lesser from previous job and as compared to their peers.
- Worker that underutilised their skillset.
- Workers employed in jobs that are irrelevant to formal training.
- Workers that are overqualified for their jobs.

Another important complexity is the interaction between the objective and subjective nature of underemployment as shown in this matrix:

Subjective Underemployment

	YES	NO
Objective Underemployment YES	Involuntary	Voluntary
Objective Underemployment NO	Dissatisfied with Job	Satisfied with Job

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[1] Thompson, K. W., Shea, T. H., Sikora, D. M., Perrewe, P. L., & Ferris, G. R. (2013). Rethinking underemployment and overqualification in organizations: The not so ugly truth. Business Horizons, 56(1), 113–121.

[2] Ministry of Manpower. Time-related Underemployed Persons are persons who are working less than 35 hours a week (i.e. working part-time) and are willing and available to engage in additional work.

[3] McKee-Ryan, F. M., & Harvey, J. (2011). "I Have a Job, But ... ": A Review of Underemployment. Journal of Management, 37(4), 962–996.

The focus of this study are individuals who fall into involuntary underemployment as characterised by objective and subjective measures. With regard to the objective measure of underemployment, we went beyond the single indicators (e.g., time-based or skill-based) as underemployment is too complex to be captured by single indicators. Instead, multiple indicators are needed to objectively identify individuals who are underemployed.

This important study innovation led to the following multiple indicators to identify objective underemployment:

- **Education:** Degree holder and above.
- **Employment status** and time-based: Full-time work.
- **Salary:** Less than S$2,000.

METHODS

To achieve the study's primary aim of identifying characteristics of underemployed individuals, we conducted an online survey that achieved a sample size of 1,626. The survey consisted of demographic questions, subjective underemployment, personality, skill perceptions, and health.

RESULTS

The results of the study will focus on identifying characteristics of individuals who are underemployed, namely, degree holders, engaged in full time work and earning less than S$2,000 per month.

The results of the study will be presented in the following order:
1. Demographics of the underemployed in Singapore
2. Employer profile of the underemployed and the lack of skill recognition
3. Challenges faced by the underemployed
4. Attitudes and perceptions of the underemployed
5. Health circumstances of the underemployed

1. Demographics of the underemployed in Singapore

Survey respondents who met the multiple criteria of underemployment evidenced the following mutually exclusive demographics: Female, without children, staying in HDB flats, median age of 35 years, with 10 - 15 years of work experience.
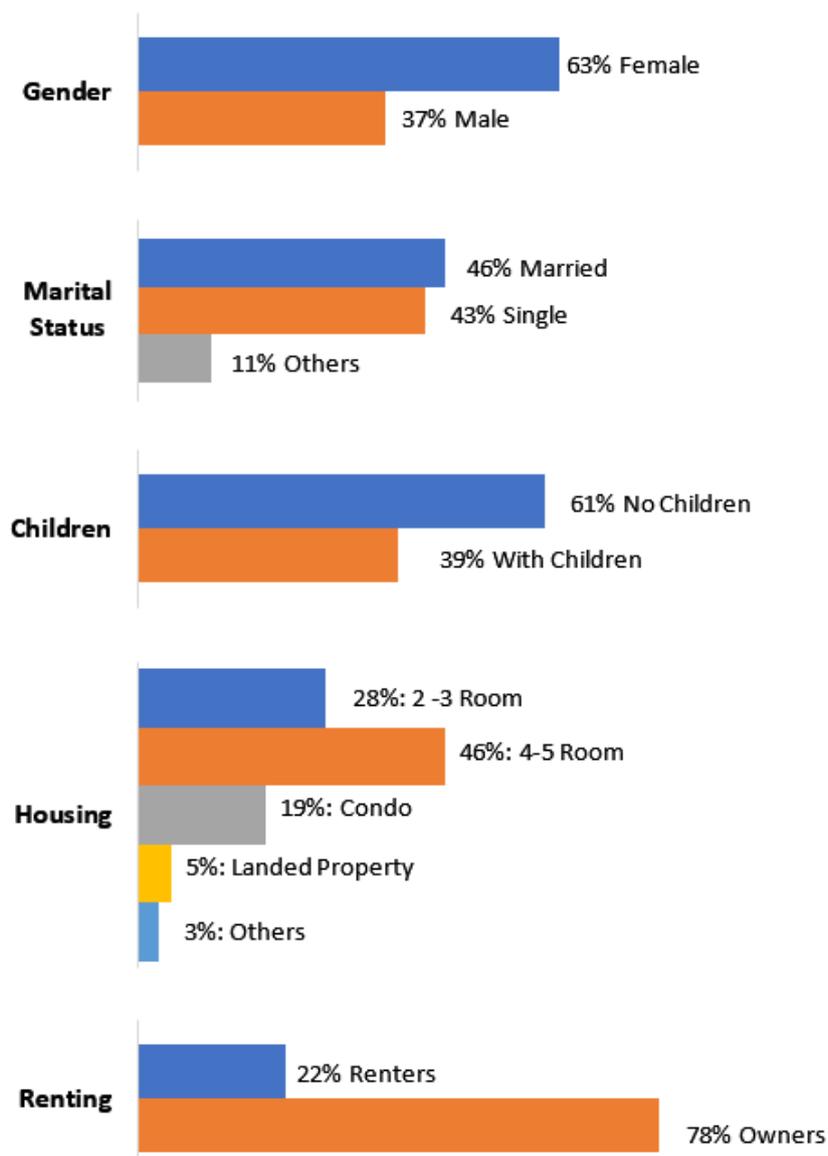

Note: Percentages may not add up to 100% due to rounding.

2. Employer profile of degree holders who are underemployed, and the lack of skill recognition

i. Employer profile of the underemployed

The underemployed survey respondents tend to work in companies that serve mainly the domestic market with over 50% of companies under 10 years in business. The top sectors with underemployed individuals are health and social services, followed by financial services, transport and education.
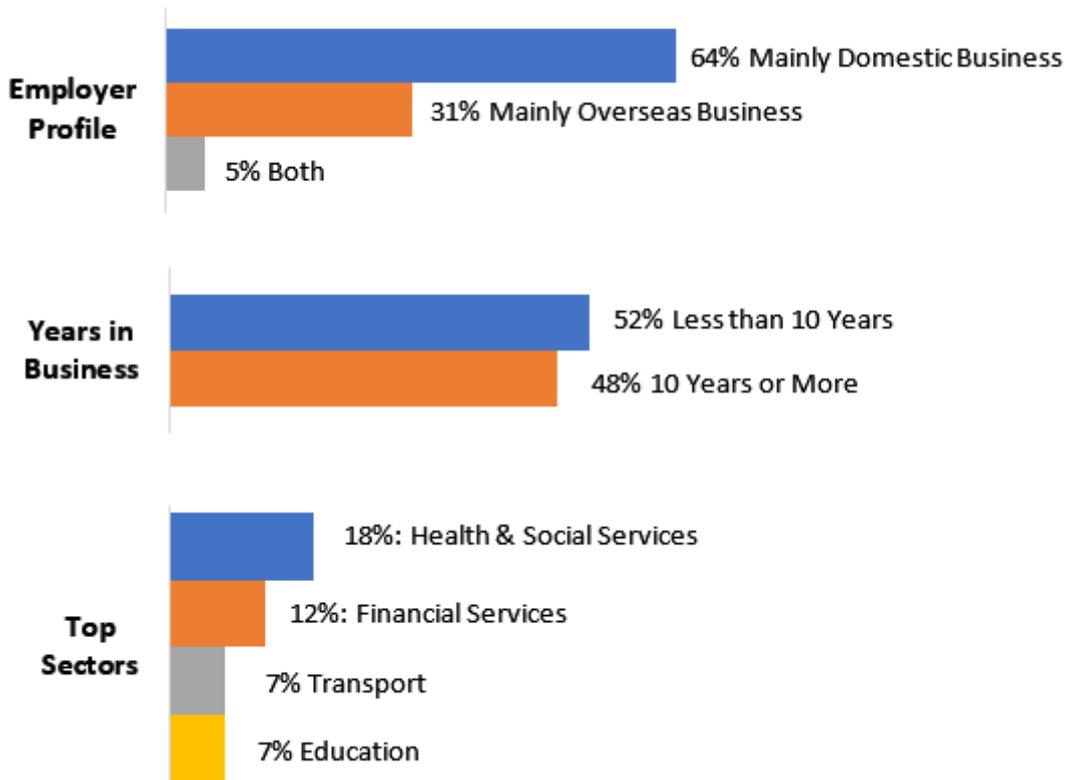
ii. Inadequate recognition of skills at the workplace

The first key challenge the lack of skills recognition at the workplace. Almost half of those underemployed reported that employers do not recognise their skills. In contrast, 75% reported that their education qualifications are recognised. This empirical finding supports anecdotal evidence that skills are still under-recognised in the workplace.
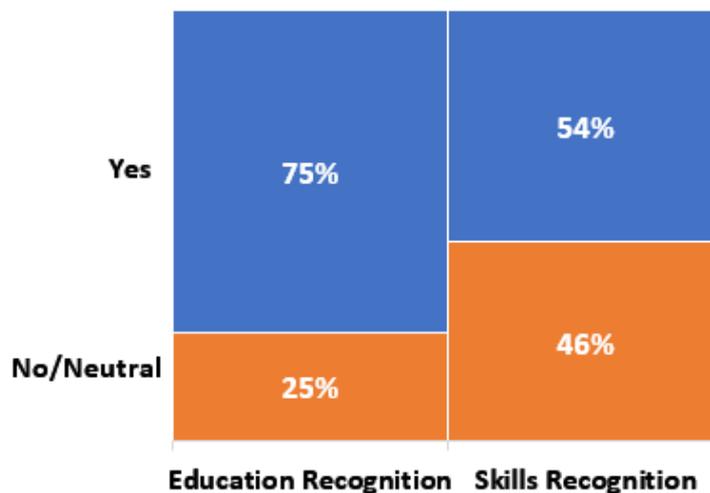
3.   Challenges face by underemployed

Underemployed individuals face numerous challenges. This section focuses on perceptions of this objectively underemployed group (degree holders, working full-time, earning less than $2000 per month) that distinguishes them from the "norm"—all other survey participants.

i.   Underpayment

The first challenge is underpayment. When asked a series of questions (e.g., My pay is less than other people with my qualifications), a majority of the underemployed asked "Yes", compared to less than half in the norm category.
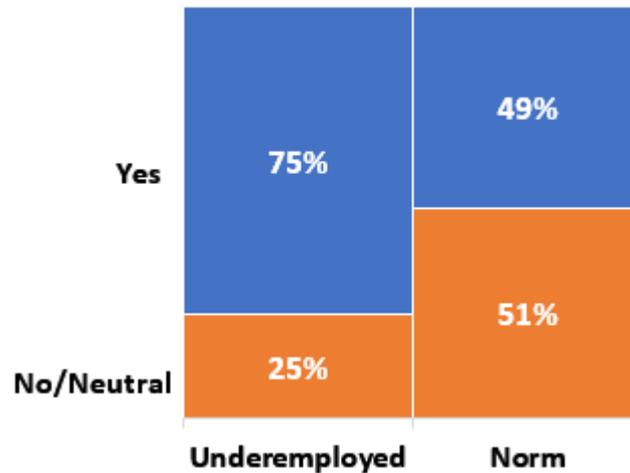

ii.   Status discrepancy

The second challenge is status discrepancy. When asked several questions (e.g., My status at work is lower than I deserve), a majority of the underemployed answered "Yes", compared to only 6% in the norm category. The stark difference underscores the importance of status in the subjective appraisal of underemployment.
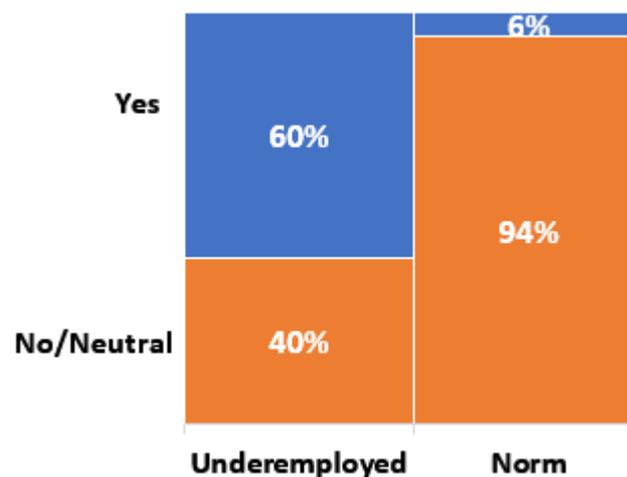
iii. Inadequate retirement savings

The third challenge is inadequate retirement savings. More than half of the underemployed reported being worried about insufficient retirement savings. Over half of the norm group espoused similar attitudes, showing that the lack of retirement savings is a common concern.
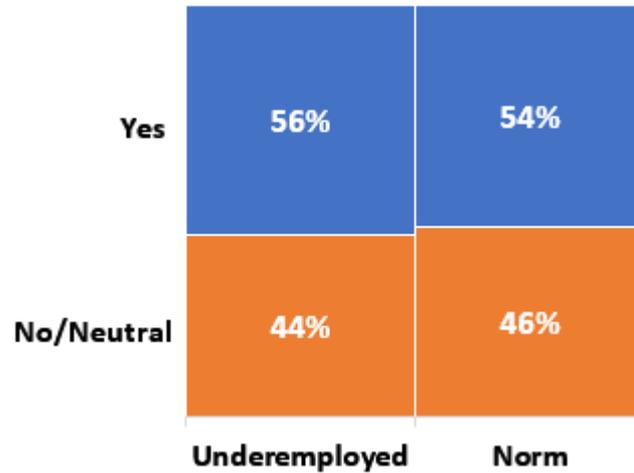

iv. Insufficient for daily expenses

Related to the third challenge, the underemployed (60%) reported lacking finances for daily expenses. Unlike retirement savings, which evidenced little difference across groups, underemployment had a great impact on day-to-day expenses compared to the norm.
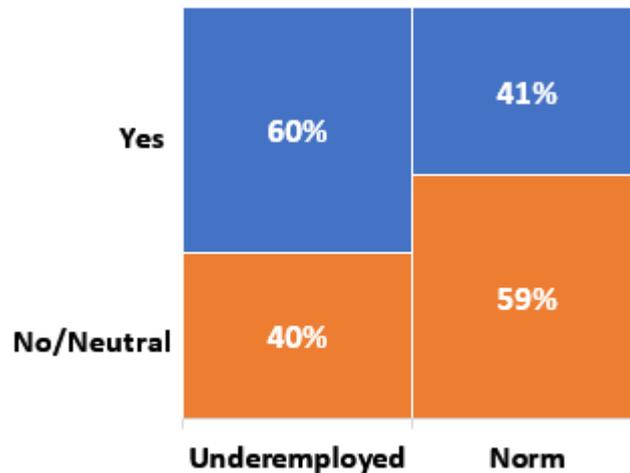
v. Income security

The fifth challenge of underemployed individuals is income security. In this regard, the differences are marked. A small percentage (27%) reported income security compared to a majority (69%) in the norm who did.
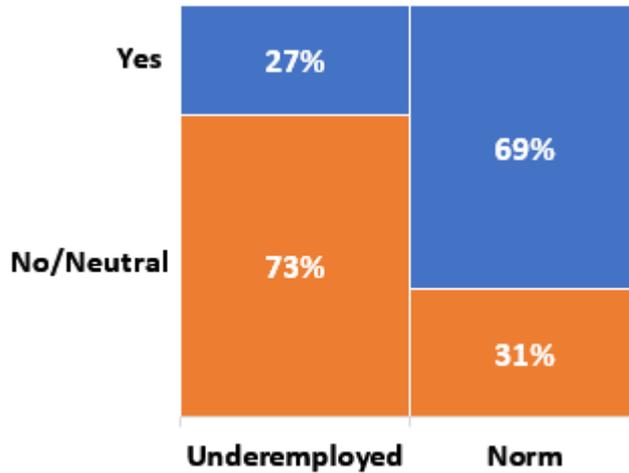
vi. Job security

The sixth challenge is job security, another important concern that distinguishes the underemployed from the norm. Less in the underemployed group (38%) reported job security as compared to the norm group (65%).
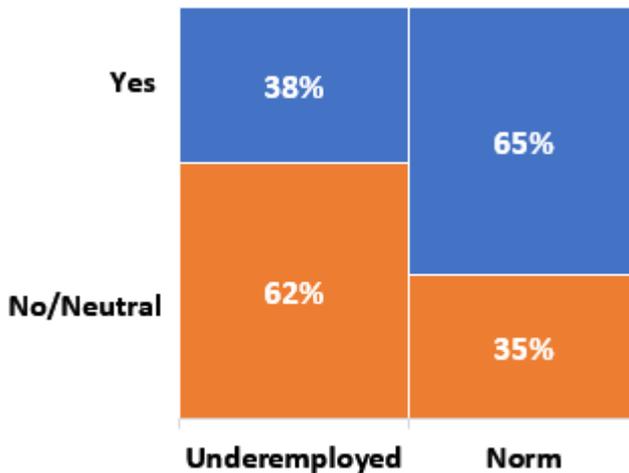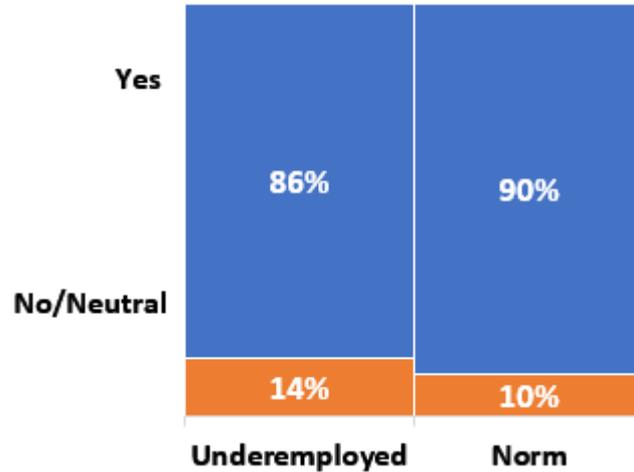
4. Positive attitudes of the underemployed

In spite of their predicament, the underemployed showed remarkable resilience and positive attitudes especially in the desire to re-skill, up skill and deep skill.
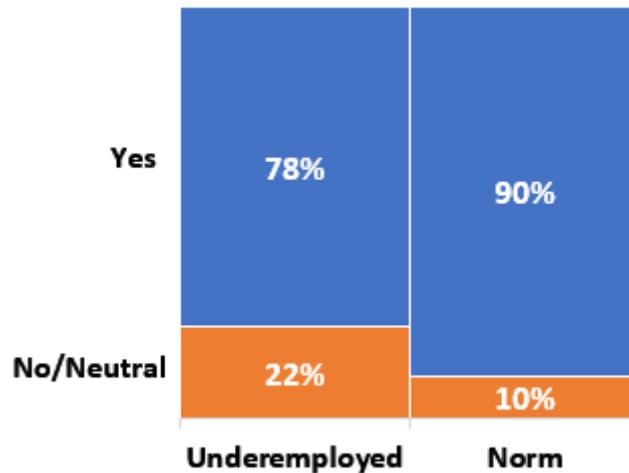
i. Learning new skills

With regard to learning new skills, the desire of the underemployed is as strong (86%) as the norm (90%).
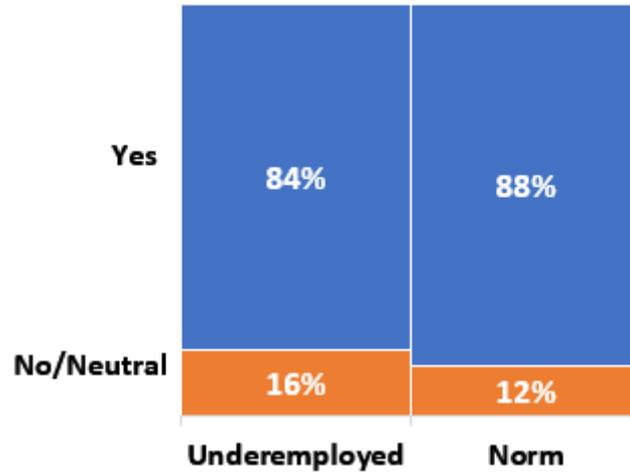

ii. Upskilling

With regard to upskilling, the desire is strong with a majority (78%) expressing positive attitudes towards upskilling (e.g., I want to upskill to get promoted).
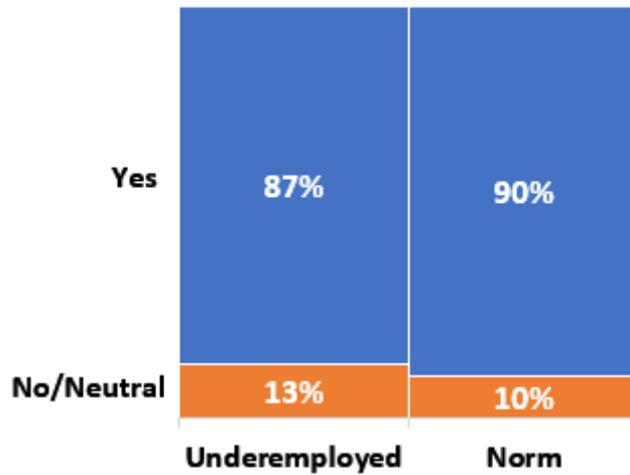
iii. Re-skilling

In the same vein, the re-skilling desire between the underemployed and norm is similar with a large majority (84%) reporting "yes" to re-skilling.


iv. Deep-skilling

Likewise, deep-skilling desire remains the strongest (87%) as compared to re-skilling, and upskilling, reflecting the market demand for deep skills.

v.   Openness

Interestingly, we found that the underemployed (92%) expressed more openness to new experiences than the norm (57%). This empirical finding contrasts the traditional hypothesis that underemployed have a negative attitude that impedes job mobility.
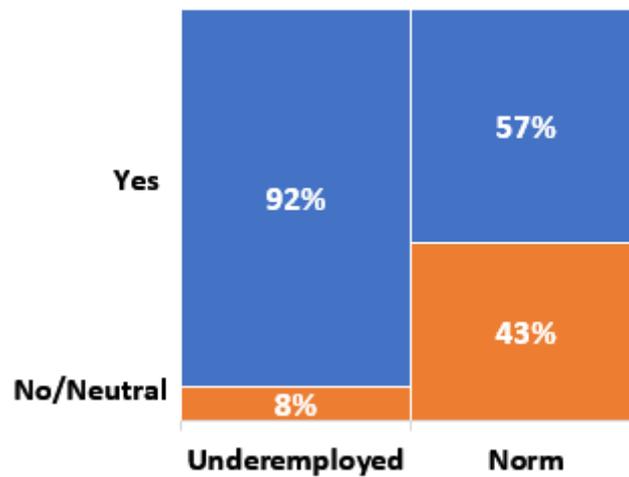
vi.   Conscientiousness

Dovetailing openness to new experience, we found that underemployed individuals reported high conscientiousness at work. This finding also contrasts the view that the underemployed may be careless at work, hampering their ability to move to a more well-deserved job.
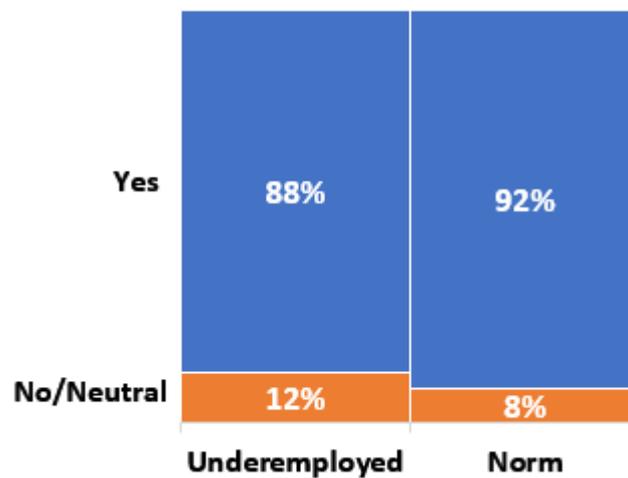
5.   Positive attitudes of the underemployed

Overall, the underemployed expressed more health difficulties than the norm. This suggests that their underemployed status could be triggered by the inability to manage greater work demands due in part to poorer health.

i.   Inability to climb staircases

A higher proportion of individuals who are underemployed expressed the inability to climb staircases (43%) compared the norm (28%), suggesting some form of physical impairment.
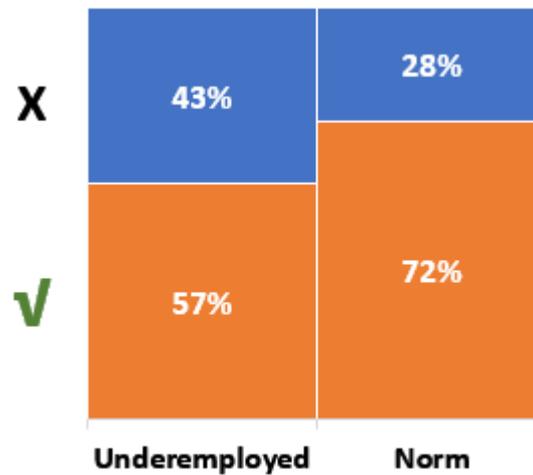
ii.   Pain

Pain is another marker of health. In this regard, over half of those underemployed (53%), indicated that their work was affected by physical pain, compared to 40% in the norm group.
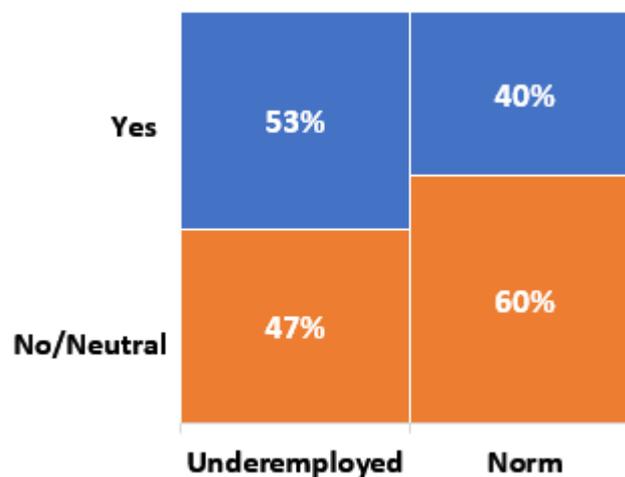
SUMMARY OF INSIGHTS AND IDEAS FOR NEXT STEPS

Our survey study of underemployment, one of the first in Singapore, used multiple indicators to identify individuals who are underemployed, specifically, degree holders working full-time and earning less than S$2,000 per month. Such multiple indicators present an innovative approach to identify involuntary underemployment more precisely, as compared to traditional single indicator approaches (e.g., time-based and skill-based) that may pick out individuals who voluntarily choose to work less. We argue that individuals who are underemployed, not by choice (involuntary), deserve more help and resources.

In addition, underemployment should not be discussed in simple binary terms (e.g., underemployed or not). Instead, underemployment could be a spectrum where some are severely underemployed while others are in the moderate stage. Our multiple indicators—graduates working full-time and earning less than S$2,000 per month—appear to pick up individuals who are severely underemployed. Given scarce resources, it is prudent to channelled more to helping fewer individuals in the deepest predicament than spreading thinly across the spectrum.

The study found that graduate females, and those employed at businesses that serve mainly the local market face a higher risk of underemployment—these selected risk factors are mutually exclusive. The underemployed expressed that they face key challenges, especially that their employers recognise educational qualifications more than skills, their rank does not commensurate with their skills, and they struggle with daily expenses. Compared to the norm (other survey respondents who did not meet the aforementioned criteria of underemployment), individuals who are severely underemployed also reported more physical disability, and pain that affected work. Nevertheless, these individuals retain an incredibly positive attitude, and a strong desire to upskill. They are open to new experiences and willing to work hard. These findings dispel myths that the underemployed have poor attitudes, and low motivations.

Looking ahead, it will be beneficial to identify the severely underemployed using multiple indicators and offer programs that help these individuals cope with work and health issues. These individuals will also benefit from a combination of purpose-driven upskilling with a clear target job, and life coaching.

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