

Managing The Downturn In Singapore | Union-Management Collaboration in the Electronics Sector

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In

Singapore

Union-Management Collaboration
in the Electronics Sector



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United Workers of Electronic and Electrical Industries



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Message from Teo Chee Hean

Deputy Prime Minister and Minister for Defence
Chairman, Council of Advisors, United Workers of Electronic and Electrical Industries



2009 was a difficult year worldwide. Every sector in Singapore was affected by the economic downturn. The Budget announced was the largest the Government has undertaken in response to an economic downturn. It included extraordinary measures such as SPUR (Skills Programme for Upgrading and Resilience) and the “Resilience Package” which included the Jobs Credit scheme to prevent a more severe loss of jobs and lasting damage to our economy. The unions in Singapore understood what was necessary and pro-actively supported the Government’s initiatives.

The United Workers of Electronic and Electrical Industries (UWEEI) is one such union. The close cooperation between UWEEI and management helped companies and workers in the electronics sector survive the downturn, not only saving jobs through cost-cutting measures but also investing in upgrading workers’ skills to prepare for economic upturn.

The electronics sector has rallied strong growth in the first quarter of this year. It will continue to be an important pillar of Singapore’s economy. However, the challenges confronting this sector will be intensified by global competition. We must continue to stay united and work together as a team. I am confident that with our tripartite partnership which has emerged stronger from the economic downturn, we will be able to overcome future challenges and emerge stronger, more competitive and more resilient.

We must focus now on improving productivity in Singapore, from the individual to enterprises and sectors at all levels. Besides ensuring workers are properly trained and skilled to keep up with changing market needs, enterprises and sectors have to innovate to be more productive. I look forward to the leadership and active participation of UWEEI and management in studying strategies and developing benchmarks to increase productivity in the electronics sector.

Message from John De Payva

President, National Trades Union Congress



This time last year, we were in the midst of the worst economic downturn in decades. Our rallying call was to “Upturn the Downturn” - cut costs to save jobs so as to avoid massive retrenchment and prevent a rapid rise in unemployment, as well as to be more ready to bounce back when the global economy turns around.

Our tripartite relationship has withstood many tests over the past decades. During this crisis, it came through shining brightly for us yet again. Because of this unique advantage, we have avoided record retrenchment, brought unemployment back to below 3 per cent and saw a relatively quick turnaround in Gross Domestic Product (GDP) growth in the face of an unprecedented downturn. Many developed countries are still grappling with the crippling effects of high unemployment, and we should be thankful that we were able to minimise the pain to our workers through strong tripartism. This publication is timely to provide insights into how this was achieved with strong labour-management relationships and unique tripartite partnership.

As one of the most severely impacted sectors, the United Workers of Electronic and Electrical Industries’ (UWEEI) union leaders and activists on the ground as well as its staff have made the difference through their unity and determination to work with the companies and help our workers. As a result, retrenchments were lower and we managed to turn around faster.

Our challenge now is to put our economy on an even higher plane through improving productivity. I am confident that with its strong labour-management relationships, UWEEI will be able to collaborate strongly with companies in the sector towards a Cheaper Better Faster economy so that our workers can enjoy an even better life.



Message from Lim Swee Say

Secretary-General, National Trades Union Congress
Minister, Prime Minister's Office



During the global economic downturn, the odds were against us, but that did not discourage the National Trades Union Congress (NTUC) and its affiliated unions from doing our best. Every day, full-time Industrial Relations Officers (IROs) were on the ground. Job by job, company by company, union by union, the Labour Movement did everything to save as many jobs as possible.

Credit must be given to union leaders who are the backbone of the Labour Movement. They spoke up for the interest of workers, negotiated between labour and management, and carried the ground through tough policies and rough times. Theirs is a task that calls for passion, commitment and personal sacrifice. As a result, we have been able to get through a downturn with minimum pain to businesses, to the workers, and yet at the same time when the upturn is back, we will be among the first to be off the block because we have invested and upgraded our capabilities during the downturn.

It is important to gear ourselves up for the tougher challenges ahead of us. We must keep re-skilling and up-skilling our workers and job seekers. Every worker must become more productive to keep his job, and every job seeker must become more employable to take on a new job.

Moving forward, NTUC will reach out to companies and workers to identify and break productivity bottlenecks and help workers upgrade their skills and keep pace through continuing education. I am confident that the United Workers of Electronic and Electrical Industries (UWEEI) will play a strong and active role in improving productivity growth in the electronics sector - increasing the capabilities of workers who can in turn contribute towards companies' resilience and strength in this increasingly competitive global climate. Together, we can transform ourselves into a Cheaper Better Faster economy, by becoming more productive, capable and adaptable.

Message from Francis Lim Pan Hong

President, United Workers of Electronic and Electrical Industries



With the unprecedented nature of the downturn in 2009, both in terms of its scale and speed, electronic workers were faced with one of the most severe crises ever. The tripartite partners responded swiftly and decisively with both pro-business and pro-worker measures.

At the United Workers of Electronic and Electrical Industries (UWEEI), we actively helped our unionised companies in coping with their excess manpower, saving jobs and where retrenchment was unavoidable, helping workers find new jobs as soon as possible. However, during the economic storm, UWEEI did not forget its other services and programmes. UWEEI went on to expand our outreach and support to Professionals, Managers, Executives and Technicians (PMETs), a growing segment of the labour force. Being able to better serve PMETs is an essential part of UWEEI to support the Labour Movement's on-going strategy to be a strong voice for all collars, ages and nationalities of workers in Singapore. As a union that champions workers from one of the worst hit industries during the economic crisis, we have made a commendable achievement with a membership breakthrough of 53,500. This was an increase from the membership pool of 52,485 in 2009.

Supporting the tripartite partners' efforts to increase Singapore's overall productivity, UWEEI has also been actively engaging its unionised companies to embark on productivity projects at the workplace. To lead by example, we furthered our commitment to become the first union to embark on an organisation-wide 'Kaizen' transformation journey that will complement the Labour Movement's strategy to achieve a Cheaper Better Faster workforce.

Looking forward, UWEEI will continue to encourage companies to send workers for training to re-skill, up-skill and multi-skill.

Message from Cyrille Tan Soo Leng

General Secretary, United Workers of Electronic and Electrical Industries
Vice President, National Trades Union Congress



The 2009 economic downturn was the most severe that the United Workers of Electronic and Electrical Industries (UWEEI) had ever experienced since it was formed almost 30 years ago in 1981. This was not a local or regional downturn. It was worldwide. The electronics sector was, as always, among the most severely affected. This downturn was a true test of the trust between employers and trade unions at company as well as at the national level.

Tripartism in Singapore has helped to overcome the challenges faced by workers in the electronics sector over the years. The tripartite partners were united in purpose, mission and commitment towards managing the downturn. All three parties wasted no time in working together to mitigate the crisis. The Tripartite Guidelines on Managing Excess Manpower (MEM), Skills Programme for Upgrading and Resilience (SPUR), Jobs Credit scheme and other measures were rolled out very quickly. All these measures went a long way to help businesses to cut costs and save jobs. The Employment and Employability Institute (e2i) stepped up to the challenge of helping to minimise structural unemployment by helping our workers to re-skill, up-skill and find jobs as quickly as possible.

We have used this crisis to prepare workers for a different and more competitive world, and have emerged stronger as a nation. Going forward, the tripartite partners must continue to work together to build resilience in a new generation of Singaporeans, and help workers to become more productive, flexible and competitive. On its part, UWEEI will continue to help the electronic workers to stand out from workers in other countries, enhancing Singapore's reputation as an electronics hub and bringing in more investments and jobs to build a better life for all workers and their families.

Foreword from Halimah Yacob

Executive Secretary, United Workers of Electronic and Electrical Industries
Deputy Secretary-General, National Trades Union Congress



Our primary objective in embarking on this publication is to capture our experiences in dealing with one of the worst recessions in Singapore's history. The speed and extent of the recession's grip on companies in the electronics sector was truly unprecedented, even for an industry that is so used to volatility. Orders plunged so quickly for many companies that they had to take very drastic measures immediately to secure their businesses and to save as many jobs as possible. In total, between October 2008 and December 2009, 8,220 electronic and electrical workers lost their jobs and at least 26,000 were put on shorter work weeks and other arrangements. Many workers also suffered pay cuts as their overtime opportunities disappeared. For the United Workers of Electronic and Electrical Industries (UWEEI), the focus was to try and save as many jobs as possible and, for those who had to be retrenched, we wanted to make sure that they could get other jobs quickly.

In putting this publication together, we have gained many valuable insights.

Despite the severity of the impact, labour-management relations in the electronics sector continued to remain harmonious. Instead of strikes and industrial actions, we had very calm and rational but very intense consultations on how to help companies '*Cut Costs and Save Jobs*'. In fact, all the six companies captured in this publication, said that their relationship with the Union is much stronger now as they could see that UWEEI provided real value to them during the downturn. This was possible because we remained focused on our mutual goals and we had also invested a lot in the relationship during good times. Trust remained high and was a key element in helping us to resolve differences and reach win-win solutions.

The second insight that we gained was the resilience of the workers. They were prepared to accept painful adjustments to save their companies because they understood that their well-being depended on their companies' survival too. They were also prepared to attend Skills Programme for Upgrading and Resilience (SPUR) training although some had initial apprehensions, and they showed strong appreciation for the Union's support. Their support has certainly paid off as the sector has rebounded quite strongly, and many now have more overtime than they can cope with.

The third insight that we gained is the steady and resourceful response of our union leaders and Industrial Relations Officers (IROs). Nobody panicked or blinked, despite the fact that on some days they had to handle as many as three retrenchments in a row, and worked extra long hours to help companies and workers. As many of our IROs, and some of our leaders, had never experienced a recession before, they gained invaluable experiences on how to handle a crisis. Our union leaders deserve a special commendation, too. Worried as they were with their own job security, they soldiered on to provide support and comfort to their members. Both our leaders and IROs showed a high degree of professionalism and an unwavering passion for their work.

Finally, we would not have made it without the strong measures introduced by the Government in the form of the Jobs Credit scheme and SPUR, which really helped the workers as companies were able to cut down on retrenchments. We would also not be able to make it without the strong support of the National Trades Union Congress (NTUC), Employment and Employability Institute (e2i), our sister unions and social enterprises. The Labour Movement's greatest strength lies in our ability to provide leadership and mobilise resources quickly to support workers in good times and, more so, in bad times.

We have chosen these six companies to highlight the different aspects of our collaboration with them in overcoming the crisis. There are many other companies that we have worked with, and truly value their partnership, but could not capture because of space constraints.

The recovery was fast and the electronics sector has now rebounded strongly. This publication is timely lest we forget how we rallied together to weather one of the worst recessions in our history. We showed the world what a small country is capable of achieving, as well as how strong labour-management relations can be a real comparative advantage for companies and provide a better life for workers.

Acknowledgements

“Managing The Downturn in Singapore: Union-Management Collaboration in the Electronics Sector” would not have been possible without the support and cooperation of many people who contributed in one way or another, direct or indirectly, to the making of the publication. We would like to record our deepest appreciation to:

- The six featured companies which were willing to share their journey during the downturn. In particular, we would like to thank the following individuals from these companies who have given generously of their time for interviews, and for their frank and insightful responses to our many questions about the company’s policies and practices, as well as challenges, and the role of the Union during the downturn:

Mr Leong Mun Chong
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Mr Masatoshi Koike
(Managing Director, Murata Electronics Singapore Private Limited)

Mr Jeremy Lee
(Manager, HR and General Affairs, Murata Electronics Singapore Private Limited)

Mr Toh Ming Hon
(Director of Manufacturing, Energizer Singapore Private Limited)

Ms Alice Leow
(HR Manager, Energizer Singapore Private Limited)

Mr Chua Yeow Seng
(Operations Director, Pepperl+Fuchs [Manufacturing] Private Limited)

Ms Cindy Ng
(Senior HR Manager, Pepperl+Fuchs [Manufacturing] Private Limited)

Mr Loo Kin Pung
(Managing Director, Hoya Magnetics [Singapore] Private Limited)

Mr Paul Low
(HR and General Affairs Manager, Hoya Magnetics [Singapore] Private Limited)

Ms Cindy Yeo
(HR Director, GLOBALFOUNDRIES Singapore)

- The branch chairmen and committees of the six featured companies who opened their doors and hearts to us, granting us the opportunity to chronicle this challenging journey as union leaders.
- UWEEI Executive Council, Madam Halimah Yacob, Mr Ong Keau and Mr Loh Kian Hin who have provided guidance and direction for this publication. Their insights have added immeasurable value to the publication.
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- Special mention to UWEEI IRO, Ms Sabrina Liow, for taking on the additional assignment to do this project with enthusiasm and keen interest to learn from the views and experiences she gathered in doing the research, seeking inputs, advice, and assistance from union leaders and fellow IROs, conducting interviews with management and branch leaders, and for preparing the many drafts before this publication went to print.

And last but not least, we are grateful to all union leaders and management, whose companies were not featured but who have contributed their experiences in various forums. They have worked tirelessly with the Union to help their companies to cope with the downturn. Their sharing is a significant contribution to the depository of union-management knowledge and experiences in UWEEI and the electronics sector.

Table of Acronyms

e2i	Employment and Employability Institute
EDB	Economic Development Board
IAC	Industrial Arbitration Court
IRO	Industrial Relations Officer
IMF	International Metalworkers' Federation
MEM	Tripartite Guidelines for Managing Excess Manpower
MOM	Ministry of Manpower
NTUC	National Trades Union Congress
NWC	National Wages Council
OTCi	Ong Teng Cheong Labour Leadership Institute
PMETs	Professionals, Managers, Executives and Technicians
SPUR	Skills Programme for Upgrading and Resilience
SNEF	Singapore National Employers Federation
TAFEP	Tripartite Alliance for Fair Employment Practices
UCIA	U Care Immediate Assistance
UWEEI	United Workers of Electronic and Electrical Industries
WDA	Workforce Development Agency
WSQ	Workforce Skills Qualification

Introduction

The electronics sector, one of the pioneering industries in Singapore, accounts for over 30 per cent of Singapore's manufacturing value-added and 19 per cent of total manufacturing jobs. The United Workers of Electronic and Electrical Industries (UWEEI), one of the largest unions in Singapore, represents over 53,000 workers in more than 120 companies in the electronics sector.

The electronics sector has borne the brunt of every economic downturn since the first economic recession in 1985. The recent global economic downturn was the worst ever experienced. The impact would have been far worse had it not been for the quick response of the Government and its tripartite partners, the National Trades Union Congress (NTUC) and its affiliated unions like UWEEI, and the Singapore National Employers Federation (SNEF).

The Electronics Sector in Singapore

The electronics sector was one of the pioneering industries in Singapore, contributing significantly to its economic growth and development. When Singapore embarked on its first industrialisation strategy in the 1960s, the aim was to attract investments in labour-intensive industries to create employment. Many foreign companies set up assembly plants to produce products such as transistors and low-end consumer electronics. With rising wages in Singapore and large pools of lower cost labour in the region, the Government focused its second industrialisation strategy on more capital-intensive higher value-add segments like semiconductors and disk-drive production as well as Research and Development (R&D) and product innovation. Today, the electronics sector accounts for over 30 per cent of Singapore's manufacturing value-added and 19 per cent of total manufacturing jobs. In 2009, despite the global economic downturn, this sector attracted S\$4.9 billion Fixed Assets Investment (FAI) commitments, representing 41.5 per cent of Singapore's total manufacturing FAI commitments that year.¹

There are currently more than 100 electronics manufacturers and 300 product developers in Singapore, including global leaders in the semiconductor and disk-drive production, and other capital intensive high technology industries.² The skills required of the over 90,000 workforce range from production operators to technicians and specialists in R&D.

UWEEI, one of the largest unions in Singapore, represents over 53,000 workers in more than 120 companies from the electronics sector.³ While the majority of UWEEI's members are blue collar workers such as operators and technicians, there is a growing number of





professional and executive members. An affiliate of NTUC, the national federation of trade unions in Singapore, UWEEI works within the tripartite framework of cooperation between the Government, employers and unions.⁴ In international union relations, UWEEI is a member of the International Metalworkers' Federation (IMF).

While the electronics sector has created many jobs in Singapore, its volatility to cyclical demands and global developments has created many challenges for workers to remain not only employed in their current jobs, but also to be employable in the long term. Rapid technological changes and shortening product cycles require continuous and sometimes radically new skills training and upgrading, posing a particular challenge for older, less-skilled workers to keep pace.

While many lower skilled jobs have been lost as labour intensive production moved out of Singapore, many new jobs have been created by new processes and new investments. This, together with Singapore's small workforce, has resulted in the need to employ foreign workers. UWEEI represents both Singaporean and foreign workers in the electronics sector.

Despite major structural changes and global competition, the electronics sector remains an integral component of the Singapore economy, with capabilities in the entire manufacturing value chain beyond production, from marketing and sales to R&D, to serving as regional and international centres of excellence.

Managing The Global Economic Crisis In The Electronics Sector

The electronics sector in Singapore has borne the brunt of every economic downturn - Singapore's first economic recession in 1985, the Asian Financial Crisis in 1997-1998, the electronics slump in 2001 as well as SARS (Severe Acute Respiratory Syndrome) outbreak and September 11 attack in 2003. During these downturns, UWEEI worked closely with its management partners and union leaders to minimise retrenchments, provide financial and employment assistance, as well as encourage workers to go for training so that they could keep pace with the changing employment landscape and have relevant skills to remain employable.

The years 2008 to 2009 saw one of the world's worst economic and financial downturns since the Great Depression in the 1930s. Unemployment rates around the world escalated at alarming rates as investors' confidence went down, liquidity evaporated and customers' demand reduced. In the United States alone, more than 6.5 million jobs were lost, pushing the unemployment rate to a 26-year high of 10.2 per cent. In Europe, unemployment was at its peak at 8.9 per cent.

Asian countries were not spared from the crisis. Singapore, being one of the most open economies in the world, became the first East Asian country to fall into a recession after July 2008.⁵ In the first half of 2009, the Singapore economy contracted by 6.5 per cent,⁶ with 23,430 workers made redundant for the whole of 2009. The manufacturing industry formed the bulk of redundancies (59.0 per cent or 13,840) in 2009.⁷

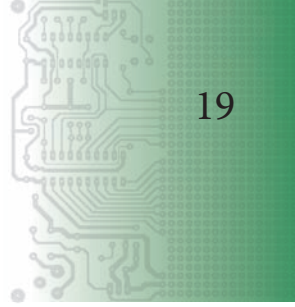
The recent downturn was no exception for the electronics sector. Being heavily dependent on trade, the sector saw a 43.1 per cent contraction in its output in January 2009 compared to January 2008. Cyclicity and seasonality of the sector further added to the recessionary

decline. Several leading multi-national corporations announced their plans to downsize. From October 2008 to December 2009, 8,220 workers in the electronics and electrical sector were retrenched, and more than 26,000 workers⁸ were affected by shorter work weeks and temporary shutdowns. The impact of this unprecedented global downturn would have been far worse had it not been for the quick response of the Government and its tripartite partners, NTUC and SNEF.

Government Response

A massive stimulus package of S\$20.9 billion representing 6 per cent of Singapore's Gross Domestic Product (GDP) was set aside by the Government in Budget 2009 to help businesses stay afloat and keep workers in jobs. Due to the unprecedented severity of the





global crisis, the Government for the first time drew down S\$4.9 billion from its reserves to fund two temporary extraordinary measures - the Jobs Credit scheme and Skills Programme for Upgrading and Resilience (SPUR). The Jobs Credit scheme encouraged businesses to preserve jobs in the downturn so as to sustain employment for Singaporeans. To reduce the costs of employing Singaporean workers, employers received a cash grant for each employee on Central Provident Fund (CPF) payroll through the scheme. SPUR, launched in December 2008, is a two-year S\$650 million programme which provides generous training subsidies and absentee payroll to help employers defray wage costs while their workers (Singaporeans and Permanent Residents) are on SPUR training. A total of 174,000 workers from 4,000 companies were sent for SPUR within a year of its implementation.

Tripartite Response

Tripartism, consultative relations between Government, labour and employer organisations at national level in Singapore, has proven to be invaluable in managing the 2009 economic downturn. Drawing from the experiences and lessons learned from previous downturns,⁹ Tripartite Guidelines for Managing Excess Manpower (MEM) were released in November 2008 to advise companies on several measures that could be taken to save jobs, encouraging companies to consider retrenchments only as a last resort. The tripartite partners worked together to disseminate the key message of *'cut costs to save jobs, not cut jobs to save costs'*, and to focus on long-term employment. Four major tripartite forums to engage business and union leaders were held between December 2008 and May 2009. The National Wages Council (NWC) revised its guidelines in January 2009, recommending adversely affected companies to work with unions and workers to reduce and manage total costs. It further advised companies to adopt a flexible wage system, advocated since Singapore experienced its first economic downturn in 1985, to enable quick adjustments in their wage costs in response to changing business conditions, upturns as well as downturns. The 2009/2010 NWC guidelines issued in June 2009 further recommended that employers, unions and the Government press on with its guidelines to cut costs, save jobs and enhance competitiveness.



The rallying of tripartite partners to tide over the downturn was Singapore's major strength in this crisis. Hand-in-hand in picture is (left) SNEF President Stephen Lee and NTUC Secretary-General Lim Swee Say. Looking at them is (centre) Minister for Manpower Gan Kim Yong.

NTUC Response

Through concerted and inclusive efforts involving the tripartite partners, affiliated unions, social enterprises and associations, NTUC raised S\$23.2 million for its U Care Fund. The U Care Fund has provided more than 40,000 union members and their families, especially needy low income workers and the retrenched, with financial assistance to cope with the downturn.



NTUC's e2i served as a jobs bank for many displaced workers during the downturn.

NTUC held several briefings with union leaders and staff from its affiliated unions, to clarify and encourage feedback on the tripartite initiatives. To provide union leaders on the ground with support and knowledge to help management in their companies manage the downturn, the training institute for union leaders, Ong Teng Cheong Labour Leadership Institute (OTCi), conducted a series of

“Upturn the Downturn” workshops in January 2009. The workshop provided essential information on how to handle potentially difficult situations that could arise in managing excess manpower, the programmes available to help companies upgrade workers’ capabilities during their downtime such as SPUR and how NTUC’s Employment and Employability Institute (e2i) can help retrenched workers find new jobs. More than 1,200 union leaders went through the workshops as at May 2009.

UWEEI Response

The Executive Council, branch committees and staff of UWEEI had their hands full helping its unionised companies (referred to as branches) survive and keep workers in their jobs.

Since the beginning of the downturn, UWEEI Executive Council and its Industrial Relations Committee, chaired by its Executive Secretary, decided that saving jobs is the highest priority. This set the tone and direction for the Union, and they were also on hand to provide guidance and support on issues that cropped up. UWEEI’s key leaders stepped up their visits to the factories to gain first hand insights on how the downturn was impacting the companies and to reassure the companies and workers of their support. In this way, confidence was boosted.

At the branches, UWEEI Industrial Relations Officers (IROs) went into full swing to engage the companies that were badly affected, and worked together with the management and union leaders to identify how best to manage excess manpower and save jobs. They sought to understand each company’s particular challenges and proposed measures to minimise retrenchment, such as sending workers for training under SPUR, with the union leaders providing invaluable feedback on workers’ concerns, both work-related as well as their personal and family well-being. UWEEI moved so fast that one of its branches, Murata Electronics Singapore Private Limited, became the first company in Singapore to take up SPUR training incentives. UWEEI has worked with 57 branches to tap on SPUR, providing 9,005 workers the opportunity to upgrade their skills and employability through training. UWEEI prepared a retrenchment kit during the crisis which was distributed at retrenchment exercises to affected workers. The kit contained contact information about

relevant agencies such as e2i and Singapore Workforce Development Agency (WDA) as well as basic information about their retrenchment pay package.

UWEEI also stepped up its top level outreach efforts by holding two lunch meetings for Chief Executive Officers from 16 of its branches between January and March 2009, attended by NTUC Secretary-General and Minister in the Prime Minister's Office, Mr Lim Swee Say and Minister in the Prime Minister's Office, Mr Lim Boon Heng, respectively, to provide a platform for the exchange of views on the economic downturn among union representatives and management partners. The gatherings also provided valuable inputs for the Ministers on the concerns and issues faced by the companies in the electronics sector. The key message to cut costs, save jobs and up-skill for employability and resilience was reinforced by UWEEI in these dialogue sessions. Throughout the crisis, UWEEI encouraged union leaders to stay positive and help convince workers to go for training to relieve the cost pressure on companies and to improve their long-term resilience and prospects when the economy turned around.

To prepare for the recovery, UWEEI worked closely with its management partners to build new capabilities in their workforce with the support of NTUC and its tripartite partners, while continuing to press on with cost-cutting measures in their operations. For example, arising from discussions between UWEEI and three of its branches about their future skills needs, a Wafer Fabrication Workforce Skills Qualification (WSQ) system was developed. This was a collaboration involving the three UWEEI branches, WDA, e2i, and three additional non-unionised companies. The Wafer Fabrication WSQ system provides an opportunity for engineers from the six companies to be cross-trained to undertake a wider job scope, enabling companies to deploy them to other work areas and thereby enhancing their competitiveness and productivity. An estimated 7,000 engineers and skilled technicians will benefit from being trained and certified with nationally recognised skills under the WSQ system.

UWEEI distributed S\$2.6 million in total relief from NTUC's U Care Fund to help individual members cope with the downturn. Assistance is provided in the form of cash from the NTUC's U Care Immediate Assistance (UCIA) programme, U Stretch vouchers which members can utilise within the NTUC's social enterprises, as well as bursaries and scholarships. More than 25,000 UWEEI members benefited from the assistance given out.



UWEEI tapped on NTUC's U Care Fund to provide some financial relief for affected workers in various branches.

Scheme	Amount Disbursed	Beneficiaries
U Care Immediate Assistance (cash)	S\$1.7 million	17,000 UWEEI Members on Shorter-Work Weeks
U Stretch Vouchers	S\$800,000	10,000 Lower Income Families
Bursaries and Scholarships	S\$146,075	804 Recipients

At the company level, the branch committees acted as an invaluable bridge between management and workers. They worked closely with the IROs to hold communication sessions to help workers understand the economic realities and to rally them to support the measures agreed upon by the management and union to save jobs. They introduced SPUR to companies and encouraged their colleagues to go for training. For companies that could not avoid retrenchments, the union leaders and IROs negotiated for a fair compensation package and channeled the retrenched workers to e2i for job training and placement. As the sector employs many female workers, UWEEI also worked closely with NTUC Women's Development Secretariat (WDS) to help retrenched female workers find jobs through the WDS's Back2Work with U programme.

In brief - structure UWEEI put in place in managing the downturn

- Adopted a proactive policy and effective implementation strategy to cut costs and save jobs
- Put in place a tracking system to monitor the impact in unionised companies
- Prepared IROs for the downturn through weekly staff meetings
- Prepared union leaders and members through constant and intensive communications sessions (e.g: Cluster Dialogues)
- Conducted briefings for union leaders and staff on NWC guidelines and Tripartite Guidelines on MEM
- Engaged management partners through numerous platforms including lunch meetings and dialogue sessions
- Constant communications with companies

¹Singapore Economic Development Board, Electronics Sector Factsheet 2010

² Spring Singapore, Industry Background and Statistics
<http://www.spring.gov.sg/enterpriseindustry/elc/pages/industry-background-statistics.aspx>

³Refer to Annex A for more information on UWEEI

⁴ Refer to Annex B for more information on tripartism in Singapore

⁵On a quarterly basis, Singapore's 2008 GDP contracted by 6.3 per cent in the third quarter on top of a 5.7 per cent decline in the second quarter

⁶Ministry of Trade and Industry, 11 August 2009, Press Release
<http://www.singstat.gov.sg/news/news/gdp2q2009.pdf>

⁷Ministry of Manpower, Retrenchment and Redundant Statistics, 15 March 2010
http://www.mom.gov.sg/Home/MRSD/Documents/TS150310/28_workers_made_redundant_by_ind_and_occ_group_15Mar10.xls

⁸Ministry of Manpower Retrenchment and Redundant Statistics, 15 March 2010
http://www.mom.gov.sg/Home/MRSD/Documents/TS150310/19_Qtly_and_annl_tsd_on_reten_by_ind_15Mar10.xls

⁹For more information about the tripartite and union-management response to previous economic downturns in Singapore, and the focus on skills retraining, see Wong, Evelyn S. 2000, "Partnership of trade unions in national development programmes and in promotion of labour mobility in Singapore", (International Institute for Labour Studies, Geneva)

Company Experiences

The experiences of six companies in this publication provide insights into how union-management collaboration in managing the 2009 economic downturn helped both companies and workers. The order of appearance of the companies is in order of chronology of unionsation, starting with the oldest unionised branch, Panasonic Refrigeration Devices Singapore.


The company experiences highlight three key enabling factors:

- 1.** The quick responses, comprehensive measures, close consultation and collaboration by the Government and its tripartite partners, NTUC and SNEF.
- 2.** Enlightened management that appreciates the value of good labour-management relations based on trust, with open communications and engagement with employees and the Union, for mutual long-term benefit.
- 3.** The professional and value-adding engagement and services of UWEEI, empowered by the tripartite partnership in industrial relations which adopts a constructive problem-solving approach that focuses on mutual benefit and long-term sustainability and well-being.

Panasonic Refrigeration Devices Singapore

Strong Trust, Engaging Employees – how Panasonic Refrigeration Devices Singapore worked together with the Union to ease the uncertainty of workers and garner support.

Being the world's second largest producer of refrigerator compressors, the management of Panasonic Refrigeration Devices Singapore (PRDS) and Union have established a cordial working relationship with a strong focus to make the company more cost competitive as well as sharing achievements with employees. With the trust from employees, 80 per cent of the workforce has joined the Union. This strong labour-management relationship was particularly valuable in helping PRDS to ride through the downturn in 2009. Constant information-sharing through an established communication framework among the management, Union and employees helped them to implement the necessary measures quickly in order to take on the challenges ahead. The level of understanding was widely acknowledged from the positive response in the employee survey which was conducted with the objective to appeal for staff's support in cost cutting measures during the downturn period. The synergy arising from the close working relationship among the management and the Union has enabled the company to emerge from the downturn stronger.



Panasonic Refrigeration Devices Singapore

Organisation Profile

Best known by its Panasonic brand name, Panasonic Corporation is based in Osaka, Japan, and is a worldwide leader in the development and manufacture of electronic products for a wide range of consumer, business, and industrial needs.

Panasonic has had a long-standing presence in the Asia Pacific Region since 1961 with its first factory set up in Thailand, and has since rapidly expanded. In 2001, Panasonic Asia Pacific, which is based in Singapore, assumed the role of regional headquarters for Asia and Oceania, providing support in logistics, information communication, financial services, human resource development and productivity enhancement for Panasonic companies in the region.

PRDS is a manufacturing plant under the Panasonic Corporation which manufactures refrigeration compressors, electrical components and cast iron parts. Formerly known as Matsushita Refrigeration Industries (S) Private Limited Singapore, it was incorporated in 1972 in Singapore for the purpose of making refrigeration compressors for export. Today, the Panasonic Corporation has in total three refrigeration manufacturing plants, located in Singapore, Malaysia and China. PRDS, with a production capacity of 12.5 million, is the largest facility among them. The factory employs some 1,800 employees with an average of 15 years of service, and average age of 38 years old. A significant portion of the primarily male employees are skilled and semi-skilled workers, employed at the manufacturing plant, while about 15 per cent are executives and management staff.



Labour-Management Relations

PRDS was unionised in 1975, three years after the Company was founded. Today, PRDS branch union has one of the highest membership rates in UWEEI, and almost 80 per cent of the company's total workforce are union members.

When PRDS began its Singapore operations in 1972, labour-management conflicts were heated and frequent as there were cultural differences between the then Japanese management staff and workers. Following the unionisation of the Company, the labour-management relationship began to normalise. Mr Chan Wing Yew, Supervisor and Branch Chairman, as well as Mr Leong Mun Chong, Director of PRDS, attribute the improvement in the relationship in recent years to active engagement in dialogue between both the Union and management.

Given the Company's large workforce, both parties recognised that ad-hoc discussions arising from workplace disputes were not sufficient. Hence, a framework of communication

channels at all levels of management and staff was developed to discuss broad long term policies and welfare issues.¹⁰

A high level of trust has been established through regular labour-management dialogue, which has enabled fast and effective settlement of workplace disputes and wage negotiations. The Company and workers have participated actively in and benefited from various national training programmes, as well as implemented several national tripartite initiatives such as the flexible wage system.

Over the years, in recognition of its commitment and contribution to the Labour Movement, PRDS has received the following awards:

- 1990 - NTUC May Day Award Plaque of Commendation
- 1993 - NTUC May Day Award Supportive Management
- 2001 - NTUC May Day Award Plaque of Commendation (Gold)
- 2005 - NTUC May Day Award Medal of Commendation
- 2006 - UWEEI Strategic Partnership Award in Membership
- 2007 - NTUC May Day Model Workers Award
- 2008 - NTUC May Day Model Workers Award
- 2009 - NTUC May Day Model Partnership Award (Institutional)

2009 Recession

During the crisis, PRDS suffered from sales cancellations which resulted in sales volume decreasing by 40 per cent from January to March 2009. As a result, it faced excess capacity and manpower, lower output and higher material inventory cost due to lower consumption. The downturn in 2009 was the most serious crisis for PRDS compared to the previous downturns as the impact was global. Due to lower demand and overcapacity among

compressor manufacturers globally, a “price war” started, squeezing margins even further.

A series of cost-cutting measures in PRDS were launched, including the restriction of overtime and a 12- day plant shutdown. Advanced leave was granted for workers who did not have sufficient leave.

In addition, workers with a lot of accumulated leave were asked to voluntarily clear their leave. During this time, UWEEI Senior IRO, Ms Tricia Loh, worked closely with the representatives from e2i to assist the Company to arrange the SPUR training schedule for the workers.

To reduce the financial burden on the Company, leave encashment was temporarily put on hold. The Union organised several communication sessions with its members to explain the difficult economic realities and the impact on the Company and secured their support for the cost cutting measures. “If you had asked me 10 years ago, we might have faced difficulties implementing these



UWEEI Executive Secretary Halimah Jacob (left) at one of the plant visits to PRDS. Accompanying her is PRDS management and Branch Committee.

measures. Now, we have built up trust with our management and members; they support our decisions,” said Mr Chan, who emphasised that every member is important. “If a member has any grievance or any issue, the Union is committed to resolve it and give him or her, a clear explanation”, said Mr Chan as he shared how the Union has gained the members’ respect over the years. The Union encouraged members to use the opportunity to spend time with their families during the lull period and requested the Company to give advance pay to a small number of employees who were in exceptional financial difficulty.

During the downturn, Ms Loh also arranged for NTUC Secretary-General Mr Lim Swee Say as well as NTUC Deputy Secretary-General and UWEEI Executive Secretary Madam Halimah Jacob to visit the Company to understand how it was coping and what more NTUC and UWEEI could do to assist the Company and the workers. The management welcomed the Union’s concern and willingness to cooperate to achieve a win-win solution for both parties.

The Jobs Credit scheme was a timely lifeline for the company. The scheme provided almost S\$200,000 per month, which was approximately 3.5 per cent of PRDS’s total wage bill. These measures helped to defray some of its operational costs. Despite its excess manpower situation, the Company did not lay off any permanent employee during the downturn. “When we (Union and management) started discussions, we decided that retrenchments would be the very last resort. We worked out solutions together - what was the best option then and when to exercise it,” shared Mr Leong.

To further help workers, UWEEI tapped on the NTUC’s UCIA programme to disburse S\$255,000 worth of cash to over 1,200 PRDS union members. Both executives and bargainable employees who were affected by the 12-day shut down received S\$200 each.

Challenge and Opportunity

1) Foreign workers

During the recession, there was little production for almost six months and many employees, especially the foreign workers, felt the pain after a few months. Many of them had exhausted their leave as they were not eligible to go on SPUR during the 12-day shut down. There was also a significant reduction in their salaries due to the freeze in overtime work. The management and Union came together to brainstorm solutions to help the large group of foreign workers. They were provided with alternative jobs such as maintenance improvements in the form of painting safety markings on walkways. The Company also released foreign workers who requested to return home before their contracts ended, with no penalty.

2) The Union’s role

The Company shared information about the business with the Union regularly, and the branch union leaders then helped to disseminate the information to members to keep them updated on the Company’s situation. The constant sharing of information with the workers helped to ease their uncertainty when there was slow production for more than a few months. In order to ensure that employees fully understood and supported the cost cutting measures, as well

as to identify and address their concerns, the Company worked with the Union to design and implement a survey among the employees. The survey results were encouraging. It showed that the workers appreciated the Company's efforts to save their jobs and were willing to make sacrifices to help sustain the Company.

Key Success Factors

Transparency and frequency in information sharing played a significant role in helping PRDS to avoid retrenchment. The Company's performance and forecasts were shared with the Union as early as possible so that the Union could understand their concerns and quickly work out solutions together.

The strong foundation of trust and confidence between the Union and management that had already been built over the years was crucial as well in helping the Company to navigate through the difficult times. "Without the Union, I do not think I can run the operations so smoothly," stressed Mr Leong who shared that he had a different perception when he first dealt with the Union. "My first perception was that we are bound to have conflicts due to different interests. The Union will be fighting for workers' benefits and I have to regulate it. However, I came to realise that the Union is not here to challenge the management's decisions but rather, to be responsible to the workers. So whatever policies that the Company wants to carry out, we will notify the Union to check if there is a need to improve prior to implementing it. In this way, when we implement a policy, they would be able to accept," said Mr Leong. Adding to Mr Leong's views, Mr Chan pointed out that the shared vision between the management and the Union – "to sustain the business (and employ workers) in Singapore by keeping it competitive with other countries" is a great motivation for both parties to work together amicably to ensure the workforce remains competitive and flexible even during trying times.

Going Forward

Orders have started to pick up in PRDS. To prepare for the economic recovery, the workers are undergoing cross-functional training at different production lines with the aim of creating a more flexible and multi-skilled workforce.

PRDS is the second largest fridge compressor manufacturer in the world and it recognises that energy-saving refrigerators will be increasingly popular and in demand among consumers because of the rising electricity prices and greater environmental concerns. Hence, it is focusing on ways to produce new products that are cost competitive and energy efficient. PRDS is also working with the National Environment Agency to reduce energy cost in the plant itself, which constitutes a major component of its overhead costs. Under the collaboration, PRDS's factory is now certified Eco-Friendly, one of the first factories among the Panasonic companies in ASEAN to receive this.

The Company's response towards the shift in demand for lower-price products will continue to be one of its challenges. Boosting productivity to remain cost competitive is the way forward for the Company and it continues to work closely with the Union to engage all levels of employees for continuous improvements.

While PRDS has established strong labour-management relations, both the Union and Mr Leong agreed that management, who has had no encounters with unions in Singapore, may still have reservations about the role of the Union and how it functions as they tend to form their impressions based on their experiences overseas. Also, as a foreign MNC, every change of the Managing Director brings with it different management styles and levels of understanding. Addressing this issue, Mr Leong said, "My role is to bridge the gap between the management and the Union. It is a two-way communication process that enables greater understanding between the two parties, which has improved the working relationship. With this, both the Union and the management will be able to have a common focus on the Company's performance whilst enhancing workers' welfare. 'Making people before making products' is the Company founder's philosophy, which laid a strong foundation for the way the Company operates. The synergy established between the Union and the management has enabled the Company to move faster with a lean and competitive structure."

nationaldayobservanceceremony • workingfor U → 13

Upturn
the downturn

Strong Bipartism = Zero Retrenchment



By
Nicolette Yeo

In its 26-year-history in Singapore, Panasonic Refrigeration Devices Singapore Private Limited has never laid off a worker. The company plans to keep this flawless track record because it values its nearly 2,000 workers, many of whom have been with the company since day one.

This explains why, even though PRDS is badly hit in this economic crisis - it suffered an average of 30 per cent sales cancellations in the second half of 2008 - the company fought to keep its workers' jobs by tapping on strong bipartite relations.

Their inspiring story was recounted by NTUC Deputy Secretary-General Halimah Yacob to about 500 workers and union leaders at its joint National Day Observance Ceremony with the United Workers of Electronics and Electrical Industries on 21 August 2009.

"Together, we quickly embarked on SPUR (Skills Programme for Upgrading and Resilience). The company also quickly looked into other cost-cutting measures, including restriction of overtime and 12-day plant shutdown. The union on its part supported the company by talking to the workers and getting their support on the cost-cutting



Strengthening Relationships...
UWEEI Executive Secretary Halimah Yacob engages PRDS employees after their National Day Observance Ceremony.

measures which have an impact on them, as well as encouraging them to go for training," said DSG Halimah, who is also UWEEI's Executive Secretary.

Although bipartite relations are healthy, DSG Halimah stressed the need for PRDS to maintain trust and confidence with UWEEI so as to get through the whole crisis smoothly. She likened it to the relationship between an individual and his bank account.

"In order to have enough savings to meet any emergency needs, we must top up the account regularly so that we can draw down from the

account to meet unexpected expenditures."


DSG Halimah updated that the situation in PRDS has since improved as there has been a steady increase in overtime work as of April this year. To further help workers, UWEEI announced its decision to tap on NTUC's U Care Immediate Assistance Scheme to disburse \$258,200 worth of vouchers to over 1,000 workers who were affected by the plant shutdown. DSG Halimah added that UWEEI will also be working closely with PRDS to come up with a restoration package to compensate workers when the economy recovers.

¹⁰Refer to paper "Matsushita Refrigeration Industries, Singapore: Dialoguing its way to Effective Labour-Management Partnership", shared at the Asia Pacific Economic Cooperation (APEC) meeting on "Responding to Change in the Workplace: Innovations in Labour-Management-Government Cooperation (2001. Mexico)

Murata Electronics Singapore Private Limited

Spurring Ahead to Cut Costs and Save Jobs – how Murata Electronics Singapore Private Limited became the first company to utilize SPUR and significantly reduced its retrenchment numbers.

Murata Electronics Singapore Private Limited (Murata Singapore), one of the world's largest and most vertically integrated manufacturing plants for chips monolithic ceramic capacitor outside of Japan, had never retrenched any worker over the last 36 years of its existence in Singapore. However, faced with one of the worst crises ever in 2009, retrenchments were inevitable. With the Union's quick and pro-active initiative to propose the national SPUR training and the strong trust in labour-management relations established over the years, Murata Singapore became the first company in Singapore to tap on SPUR during the downturn. Eventually, it only had to retrench one third of its surplus manpower, saving more than 200 jobs. Both the management and Union cited "Speed" and "Flexibility" as key factors that had helped pull Murata Singapore through this downturn.



Murata Electronics Singapore Private Limited

Organisation Profile

Founded in 1944, Murata Manufacturing Co. Limited is a world leader in the manufacture of various ceramic electronics components worldwide. Today, it has 74 manufacturing facilities as well as distribution and sales offices across the US, South America, Europe and Asia-Pacific, with a global workforce of about 33,000.

Murata Singapore is a subsidiary of Murata Manufacturing Co. Limited in Japan. Established in 1972, Murata Singapore was one of the first factories set up by the Murata Group outside Japan to meet the demands of the electronic components in South East Asia. Located in three facilities in Yishun Industrial Park, Murata Singapore's manufacturing plant is one of the world's largest and most vertically integrated manufacturing plants for chips monolithic ceramic capacitor outside of Japan. It manufactures monolithic ceramic chip capacitor and functions as a production and sales foothold of the Murata Group in the ASEAN region. To support Murata Singapore's sales operations, several overseas sales affiliates were established in the region, such as Thailand, Philippines and Malaysia.

Labour-Management Relations

Murata Singapore was unionised in 1976. There have been few industrial disputes since the plant was unionised. Both the Company and Union have been able to settle issues amicably because of the high level of trust that exists between the Union and management.

The company shares the belief advocated by UWEEI that lifelong learning and skills upgrading for its employees is an investment. For more than 20 years, it has been sending Singaporean employees to its headquarters in Japan for training each year to encourage greater transfer of technologies and knowledge, aligned with the company's policy to localise its management team. Murata Singapore also tapped on the NTUC Skills Re-development Programme to send its workers for training, especially during the Asian Financial Crisis and SARS outbreak period. In addition, the Company has been highly supportive of UWEEI's events such as membership recruitment drives, annual Dinner and Dance and Family Days.

The labour-management relationship has grown from strength to strength over the years.

Murata Singapore has garnered numerous awards over the years which include:

- 1992 – NTUC May Day Plaque of Commendation
- 1997 – NTUC May Day Plaque of Commendation (Gold)
- 2001 – NTUC May Day Medal of Commendation
- 2006 – UWEEI Strategic Partnership Award in Training
- 2007 – NTUC May Day Model Workers Award
- 2008 – UWEEI Employability Award
- 2008 – NTUC May Day Model Workers Award
- 2009 – NTUC May Day Model Partnership Award (Institutional)

In recognition of its outstanding contribution to the Labour Movement, Murata Singapore is the first UWEEI branch to be awarded the Plaque of Commendation (Star) at the NTUC May Day Celebration 2010.

2009 Recession

Since September 2008, the demand for chip capacitors had significantly reduced. The low volume was projected to last for more than one year. “This was the worst crisis that we had ever experienced since we established our presence in Singapore in 1972. We were caught by a downturn that came about so swiftly that we had to adopt drastic measures immediately to deal with it,” said Mr Masatoshi Koike, the Company’s Managing Director, adding that almost every affiliate worldwide had been requested by the Murata Headquarters to review and implement cost reduction activities swiftly.

The management and Union started to work together to discuss possible cost-cutting measures such as reducing overtime and implementing shorter work weeks. Prior to the downturn, Murata Singapore ran its manufacturing plants seven days a week. During the downturn, the plants made use of its flexible working patterns and declared off days on the days when the production volume was low. In addition, one of the production sites was shut down so as to consolidate operations and cut costs. Employees had to be re-deployed to the main factory. To lead by example, top management took pay cuts of up to 5 per cent.

The Union and management worked together to organise several rounds of communication sessions to explain to employees the Company’s financial situation as well as to prepare them for the severe business conditions ahead.

The severity of the crisis saw the Company implementing an additional five days of shutdowns company-wide in January 2009, which was offset from the employees’ annual leave. The Union was informed and consulted throughout these decisions. UWEEI General Secretary and Branch Chairman Mr Cyrille Tan explained that the branch committee had supported the drastic cost cutting measures because “the Union’s priority was to save as many jobs as possible... the Union understood these measures were necessary to help the Company stay afloat”. In December 2008, the Company did not renew the contracts of 235 contract employees when their contracts ended.



UWEEI General Secretary Cyrille Tan (standing, left) and UWEEI IRO Loh Kian Hin (standing, second from left) helped workers embark on SPUR.

The Union, through its IRO, Mr Loh Kian Hin, who was then also UWEEI’s Assistant Executive Secretary, quickly helped the company embark on SPUR to take the opportunity during low production periods to re-skill the employees. Through these courses, employees were equipped with portable and vocational skills to increase their employability as well as productivity, and better position the Company for the economic recovery. Murata Singapore became the first company in Singapore to embark on SPUR, sending its first batch of 50 employees for SPUR training on 15 December 2008. A total of 100 employees were sent for SPUR training. The Company saved in manpower costs due to the absentee payroll paid under SPUR.

Challenge and Opportunity

In early January 2009, Murata Singapore shared with the Union that despite all the measures implemented, retrenchments were inevitable. “We had to do it to ensure our longer term survivability,” said Mr Koike who also shared that “it was the most difficult and painful decision” that the company had to make after so many years of having a “no-retrenchment” policy. “The Company informed us of its decision much earlier which gave us (Union) time to prepare and react,” shared Mr Loh.

The Company carried out its first retrenchment exercise in February 2009. A total of 153 employees, comprising 113 Singaporeans and 40 non-contract foreign workers were affected. The Company worked together with the Union to ensure that the retrenched employees were given as much support and help as possible. In addition to the retrenchment benefits, Murata Singapore agreed to subsidise the retrenched workers’ membership fee for one year. Mr Loh arranged for representatives from e2i and NTUC LearningHub Private Limited to be present at the factory to register the retrenched employees for job matching assistance and training. In addition, the Union gave out S\$50 NTUC Fairprice Vouchers and S\$100 from the NTUC’s UCIA programme to each affected union member. On the day of the retrenchment, Mr Koike himself addressed the workers to express his deep regret at having to take such a drastic action. “This was the first time that we had to carry out a retrenchment exercise which, by itself, was the most difficult obstacle for us (both management and employees). We had never faced this situation before and, therefore, the assistance provided by the Union to handle this issue was greatly appreciated,” said Mr Koike.

In August 2009, the Company agreed to the Union’s proposal to allocate a portion of the Jobs Credit scheme as a one-off payment to all its employees in recognition of their support for the company during the difficult times, and each employee received S\$300. .

Key Success Factors

Both the management and Union cited “Speed” and “Flexibility” as two key factors that had helped pull Murata Singapore through this downturn. The Company was quick to adopt and implement cost reduction measures while the Union was flexible in adapting the tripartite guidelines given the drastic situation the Company was facing. Two key initiatives, SPUR and Jobs Credit scheme, were especially beneficial for the Company. SPUR helped to manage the Company’s excess manpower. The Company eventually retrenched only one third of its excess manpower, saving more than 200 jobs.

Communications were also vital in this downturn. The Company gave the Union early notice of the retrenchment, and employees were updated regularly on the Company’s situation which helped to build up the level of trust between the employees and the Company. Frequent meetings between the Union and the Company were crucial to resolve issues swiftly, and allowed both parties to map out various measures to minimise the impact of the downturn. The Company credited the union leaders who were able to strike a balance between managing employees’ expectations and helping the Company to survive in the long term. “The Union was on hand to persuade their members to support the Company in the many measures that needed to be implemented,” said Mr Koike.

Going Forward

The Company's situation has improved and it is running at full production capacity in recent months due to rising global demand for consumer electronics. However, the Company is still faced with many challenges in the recovery process.

Moving forward, UWEEI is working closely with the Company to enhance quality, cost and delivery to gain a better competitive edge. Murata Singapore is also working closely with e2i to tap on the various funding schemes available to equip its employees with soft and functional skills.

Both the Union and management underscore their commitment to further strengthen the labour-management relationship, as a strong partnership will be essential to help the Company move through the competitive times ahead. "We have seen the collaboration between both parties in striving for win-win solutions on many occasions. Over the years, the Union has become an important partner to us. They have shared many valuable experiences and know-how with the Company, especially in employment related matters," shared Mr Koike.



Good labour-management relations between UWEEI and management leaders like Murata Singapore's Managing Director, Mr Masatoshi Koike, played a key role in cushioning the impact of the downturn.

Gear Up To Be Cheaper, Faster And Better Than The World: SG Lim

By **Naseema Banu Maideen**

The only sustainable way for Singapore to get out of the long, dark and slippery tunnel of the global crisis is to gear up to be cheaper, faster and better than the rest of the world. This was the stand of NTUC Secretary-General Lim Swee Say as he addressed workers, union leaders and management partners of Murata Electronics Singapore (Private Limited). It was at the National Day Observance Ceremony jointly organised by the company and the United Workers of Electronic and Electrical Industries on 19 August 2009.

SG Lim warned that even when many economies have performed better in the second quarter of this year, the economic climate remains hazy.

"These economies are doing better not because they have a positive growth but have a less negative growth. Therefore, what we have done in the first half of this year in cutting costs to save jobs must continue. At the same time, we have to recognise that competition for jobs and investments in the next few years will be very aggressive and keen."

"Here in Singapore, we have to gear ourselves up so that we can be cheaper, better and faster. That is the only way we continue to succeed in attracting investments and creating more jobs for workers in Singapore. So far, we have shown that we are among the best in the world, if not the best in the world, in our ability to cut costs and save jobs with our tripartite partners as we have recorded an unemployment rate of 3.3 per cent even when the Singapore economy contracted by 6.5 per cent. Our next challenge is to be the best in our ability to upgrade our capabilities," said SG Lim.



Work Well Done... Yet, the employees of Murata Electronics Singapore were reminded by NTUC Secretary-General Lim Swee Say (second from right) to tighten their belts and shoelaces to be able to emerge even stronger with the upturn.

“These economies are doing better not because they have a positive growth but have a less negative growth. Therefore, what we have done in the first half of this year in cutting costs to save jobs must continue. At the same time, we have to recognise that competition for jobs and investments in the next few years will be very aggressive and keen.”

NTUC Secretary-General Lim Swee Say

He cited Murata as a fine example in striving hard to upgrade the capabilities of its workforce and preparing for the next leap forward. He lauded the company's moves to upturn the downturn in three key areas: "The company has upturned its human capital by carefully handpicking potential future leaders and sending them for SPUR (Skills Programme for Upgrading and Resilience) courses. Secondly, it is upturning production systems, as it goes for higher valued-added operations to be able to take up higher value-added jobs and thirdly, it upturns quality, costs and delivery to gain a better competitive edge. All these put together, Murata will be very different when the upturn comes up."

This was the momentum that SG Lim was urging companies and workers to pick on to be able to race ahead when the upturn sets in. Managing Director of Murata Mr Masatoshi Koike attributed his company's progress to the

strong support of the Government and UWEEI in the company's bid to beat the odds in this crisis.

He said: "Today, our business situation is in a better position as compared to six months ago. Murata Group, in its latest revised forecast for the first half year of the financial year 2009, estimated a one billion Yen loss, instead of an eight billion Yen loss previously estimated. The company's operating ratio, which had dropped to 15 per cent at one stage during the downturn, had also improved in recent months."

The company has given out a portion of the Jobs Credit scheme as a one-off payment to all its employees last month in appreciation of their contributions to co-operate with the management in challenging times. Heading SG Lim's call, Mr Koike assured that the company will strengthen its capabilities to prepare for the upturn.

A Pat Of Appreciation

UWEEI tapped on the U Care Fund's U Care Immediate Assistance scheme to distribute \$51,200 to its members at Murata on 19 August 2009. Each member received \$100 in cash and Madam Anne Tan Hong Ngee, 46, is one of them. "After a period of turmoil in the company, business has now improved and this sum of money is a morale booster for us," said the customer support specialist.

NTUC Deputy Secretary-General and UWEEI Executive Secretary Halimah Yacob said: "Our members in Murata have really done well in heeding the union's call to rally behind the company in its efforts to overcome the downturn and to save jobs. Although they suffered some loss of income, they remained undaunted and were the first group of workers to undergo SPUR training so that they will be ready for the upturn. I am really glad that their hard work and support have really paid off."


"Now that there are more orders, they have the chance to earn extra income and they are also more skilled. The U Care Immediate Assistance vouchers are our way of recognising their sacrifices and encouraging them."



Energizer Singapore Private Limited

***Kaizen* and Lean Transformation Initiative – how Energizer Singapore Private Limited leveraged on its “Union-Management Team Partnership” to increase its productivity even during a downturn.**

Turning a drastic drop in its production volume during the recession into an opportunity, Energizer Singapore Private Limited (Energizer Singapore), an associate of Energizer Holdings, the world’s largest manufacturer of batteries and spotlights, embarked on the lean transformation initiative to increase its productivity with the support of the Union. Extending lean transformation to its business support functions has also enabled it to reduce work steps by over 40 per cent and waiting time by over 90 per cent. With better training and higher productivity, operators now have better career progression as they can be promoted to technical operators and process technicians. Through its *Kaizen* (continuous improvement) initiative aimed at changing mindsets and getting everyone actively engaged, every employee is given a target to suggest two small improvements per month.



Energizer Singapore Private Limited

Organisation Profile

Energizer's history began in 1886 under the name of National Carbon Company. After a series of mergers, changes in name and ownership, it became an independent, publicly held company in 2000 listed on the New York Stock Exchange as Energizer Holdings with annual operating revenue of well over US\$3.3 billion. With its global headquarters in St. Louis and over 10,000 Associates in 140 countries, Energizer stands as the world's largest manufacturer of batteries and flashlights, with an outstanding history of battery innovations. To diversify and gain greater scale in consumer products, Energizer acquired Playtex and the Schick-Wilkinson Sword business, whose products include sun-care lotions and wet shave products, respectively.

Energizer Singapore was incorporated over 60 years ago in December 1946. The Company focuses on production of alkaline batteries and recently, lithium batteries, which are the world's longest lasting batteries in high-tech devices. The Singapore operation was selected over other global Energizer plants to become the second site for manufacturing of lithium batteries. The Company believes in investing in capability training and adopts a "no colleague is left behind" approach to ensure that all employees have the opportunity to grow and develop in their area of work. With a total of 487 employees, Energizer Singapore has many employees with unbroken service in excess of twenty to thirty years. Around 77 per cent of the workforce is made up of males, and a majority of them are semi-skilled workers who carry out the manufacturing production of the batteries.

Labour-Management Relations

Energizer Singapore was organized by UWEEI in 1988. Mr Tan Lye Huat, Technician and Branch Chairman, recounted that in the first few years after unionisation, almost every industrial matter had to be referred to a third party, either the Ministry of Manpower (MOM) or Industrial Arbitration Court (IAC), for settlement. Since then, the labour-management relationship had improved significantly. Mr Tan credited this to the efforts of leaders in both the Company and Union, who constantly engaged each other in communications and dialogue. Mr Toh Ming Hon, the Company's Director of Manufacturing and UWEEI Principal IRO, Ms Koh Chia Ling, also played key roles in these efforts.

There are three different levels of labour-management interactions within the organisation. The first is at the shopfloor level, where union leaders resolve minor issues among the employees without having to involve the management. For issues with broader implications such as change of work patterns, the Human Resource (HR) personnel and Union will be involved. At the strategic level, the management team from HR, production and Mr Toh will meet quarterly with the Union to share the organisation's strategic goals and both short and long-term strategies. "When times are bad, we inform the Union upfront about the Company's challenges and discuss what we have to do. When times are good, we also inform the Union of the possible scenarios. We call this the Union-Management team partnership," said Mr Toh.

Today, such a cooperative labour-management partnership is institutionalised as part of the Energizer Singapore's corporate culture. The company is supportive of NTUC and UWEEI's initiatives such as re-employment of older workers. It signed the pledge of commitment to the Tripartite Alliance for Fair Employment Practices (TAFEP) in 2008, and was one of the first companies to embark on productivity improvement programmes in response to the Labour Movement's call to enhance productivity in the workplace. Energizer Singapore is also a key supporter of UWEEI's events such as the annual Dinner and Dance and Family Days. The company was awarded the Comrade of Labour in NTUC May Day 2005 and NTUC May Day Plaque of Commendation in 2006 for its good labour-management relationship with the Union and its contribution to the Labour Movement.

2009 Recession

Energizer Singapore saw a 50 per cent drop in production volume for several months since the beginning of October 2008. "With each passing month, there was less and less work to do," said Mr Tan, adding that the drastic drop in production saw excess manpower numbers peak to its highest level in the 23 years in his career at Energizer Singapore.

Regular meetings were set for the Union and management to discuss challenges and share plans. The Company ceased overtime work and started a new working schedule, the "Core Pattern" where employees worked on a 12-hour shift in four days work week instead of a 8.8-hours shift in five days work week. The new schedule gave the Company greater flexibility to manage its manpower - overtime work was provided during high production, and reduced during lull periods. As a result, no permanent employee was laid off in Energizer Singapore even with the drastic dip in battery sales during the financial crisis.

The Union quickly introduced SPUR to the Company, providing employees an opportunity to be sent for training during idle plant shifts. The Company successfully applied for funding to conduct in-house training and received S\$21,120 from e2i. In total, 328 in-house and external training places were taken up by foreign and local workers during the downturn.

UWEEI distributed a total of S\$21,200 from NTUC's UCIA programme to the union members in Energizer Singapore. Each member received S\$100 cash each. In addition, during the wage negotiations in 2009, the branch union requested the company for a lump sum of S\$450 to be given to each rank-and-file worker to help them tide through the difficult period as there was no wage increment or overtime pay. "This was something our colleagues really needed for their families," said Mr Tan.

Challenge and Opportunity

1. Shutdown

In view of the low production volume, the management proposed to the Union a four day shutdown for the production plant, affecting all rank-and-file employees but the Union felt that there should be equal sacrifices across the board which the management agreed.

“We (the management) discussed, and decided to implement it across the board. We felt that there was a need for us to lead by example,” shared Mr Toh.

2. Communications Sessions

During the downturn, there was doubt and unease among the workers who were worried about losing their jobs. The management was also concerned over the employees’ morale and welcomed the Union’s support in meeting the members to reassure them. The branch committee and Ms Koh worked closely with management to organise several rounds of communication sessions with members, working in both day and night shifts, to reassure them of the company’s commitment to save jobs and to introduce other cost-cutting measures. “Some employees did not understand why we were not granting overtime, even though there were many workers who were losing their jobs in other companies. The union leaders understood the economic situation and helped to explain the realities to our colleagues,” said Mr Toh.

3. Lean Transformation

During the downturn, the Company took the opportunity to start a pilot ‘Lean Transformation’ initiative, referred to as ‘Lean’. In the past, five employees - four who were skilled and one who was semi-skilled – were involved in running four machines in a cluttered work environment. With the Lean method, two skilled employees and a ‘water spider’ (trained to handle materials and provide other operational support for the processes) work in a safer and more orderly environment. “Lean” has been extended to the commercial side of the business and support functions such as finance, HR and Information Technology. Leveraging the concept of “Lean” as a business enabler, the company was able to improve payroll preparation and processing, thereby reducing work steps by over 40 per cent and waiting time by 90 per cent.

Management sent employees for training to be equipped with the skills and competencies to carry out their jobs. The “Core Pattern” gave the company the flexibility to arrange employees for staggered training periods. As a result, there is now better career advancement for individuals to take on higher job levels with higher skills sets. Operators can now be promoted to technical operators and to process technicians. These skilled positions in turn are feeder pools for future technicians and specialists.



Using *Lean Transformation* in its work processes has helped both the business and workers at Energizer Singapore.

4. Continuous Improvement (*Kaizen*)

The Company found invaluable benefit in examining internal processes to eliminate waste and tighten costs during the downturn. “The definition of waste is focused on the customer perspective. We focused on what can be simplified, reduced and eliminated in our processes to serve the customers,” explained Mr Toh. This concept was incorporated as a culture in the company, engaging all levels of employees. All staff are encouraged to focus on what can be eliminated and reduced in their own work area, and are each given the target to look at two small improvements per month. Improvements are not measured in terms of dollars saved, and are accepted as long as they can make jobs easier, better and simpler. The aim is to change mindsets and get everyone actively engaged. To support the initiative, the Company started the “Continuous Improvement Hours” programme. Employees were formed into teams and spent a few hours a week during working hours to focus on continuous improvements, with 20 employees trained and equipped with communications, problem-solving and leadership skills to lead the teams in solving problems in their work areas.

The union leaders played a positive role in rallying the ground support to enhance productivity in their work areas and their support for the initiatives boosted the morale of the employees and commitment towards eliminating waste.

Key Success Factors

Tripartite initiatives established at the national level were crucial in helping the Company cope with the downturn. Mr Toh said “In the past downturns, the Government, unions and employers had their own perspectives and worked individually. The Government will come up with its economic guidelines, the unions will look at ways to take care of the workers, and the companies will work on their strategic directions. However, 2009 was different. The tripartite partners really came together. They jointly discussed and announced the SPUR programme and all the initiatives and strategies to cope with the downturn. Not only that, NTUC and UWEEI engaged the companies to discuss and give feedback about the initiatives. It was a win-win-win approach.” Jobs Credit scheme and other Government initiatives were very important in helping the Company stay afloat as well with Energizer Singapore receiving almost S\$400,000 from Jobs Credit.

Mr Toh also gave credit to the union leaders and IRO who have been “very proactive and sincere”. “The union leaders were briefed by UWEEI and were well-informed of the economic situation and Government initiatives. Ms Koh has been knowledgeable, competent and professional,” said Mr Toh adding that the forums and dialogue sessions that UWEEI organised also provided a platform for the Company to learn how other companies coped with the downturn.

At the company level, UWEEI and Energizer Singapore worked closely together and embraced a spirit of open communication. The Union appreciated the Company’s



Management partners, union leaders and IRO have worked very closely on improving work processes at Energizer Singapore.

willingness to share information and plans which allowed them to better understand the Company's challenges and obstacles. "There are two pillars in Energizer Singapore which have been very important for us to cope with the downturn. The Company's people-focused culture and our commitment to continuous improvement – we innovate ways to help workers during the downturn. It's the Energizer way to do things", said Ms Sukartini Mawar, Quality Assurance Technician and Branch Secretary of Energizer Singapore.

Going forward

The production of lithium batteries is currently less than 10 per cent of the overall production. Moving forward, the Company plans to ramp up production of lithium batteries to 20 to 30 per cent while expanding the alkaline battery manufacturing capacity. Mr Toh shared that "stable labour-management relationship is definitely one factor for Singapore to be chosen as the second site for lithium in addition to many other factors. Singapore has a track record from the people, unions, the Labour Movement, Economic Development Board (EDB) tax incentives and the Government's support. Although the cost is higher, other factors are balanced enough to be a plus point to attract production here."

Looking to the future, Energizer Singapore will continue with its Lean Transformation. The Company hopes to raise productivity by 3 to 5 per cent within the next five to ten years and looks forward to working jointly with the Union. "We can come together to identify the skill sets, the challenges and the types of training for our workers, so that workers can move forward to have a better life as well," said Mr Toh.

The branch committee has underscored its commitment to jointly drive productivity with the Company. Ms Sukatini said "Energizer's motto is 'Never Say Die'. The management has said that they will try to stay at least 100 years in Singapore, and the Union will help the Company to do so."

10 **working for** • strive for more up when up

'Lean' Power To Keep Going



Breakthroughs In Productivity

“If we only aim for incremental improvement, eventually we will run out of momentum. Today, as we aim for incremental improvement to sustain productivity, we must also work towards breakthroughs in productivity at the same time.”

Lim Swee Say,
NTUC Secretary-General

Before the pilot project began, five employees - four skilled and one semi-skilled - were involved in running four machines in a cluttered work environment. With the lean system in place now, two skilled employees and a 'water spider' (a worker trained to handle materials, tools and methods) will provide operational support for the processes work in a safer and neater environment.

"The 'water spider' plays a critical role in lean manufacturing as he enables the smooth functioning of the production line," added Mr Toh. This project is expected to kick in later this year.

Energizer Singapore had well lived up to its 'never say die' spirit during the recent global crisis when the volume of orders for batteries dropped significantly. The company worked closely with UWEEI to cope with these challenges and focused on upgrading its workforce through SPUR (Skills Programme for Upgrading and Resilience). In the same spirit, the company has embarked on this productivity drive through the lean culture.

Just-In-Time Fund

“The National Productivity Fund is a great example of a partnership between the Government and companies. Singapore has always been supportive of businesses, technology and people investments. Competition is becoming intense, particularly in the Asian region, from other countries which have now started to get their act together and begun to compete firstly on cost, and I believe, will soon shift focus to compete on productivity. And Singapore is well ahead of this competition for which NPF plays an important role.”

Winston Pratt, Regional Human Resources Director, Energizer Singapore Private Limited

Making Planned Moves

“Energizer Singapore is an example of a company that has taken a systematic approach in improving productivity. Management leaders did not take shortcuts, such as merely increasing targets for the workers but instead, they focused on changing the company's culture and worked out a detailed plan to instill the value of lean management among their workforce. As a result, the company has been able to double its output per worker within a decade and could even secure the location of a new, higher value battery line in Singapore. There is much that others can learn from Energizer Singapore, including how it has worked closely with UWEEI to effectively improve productivity.”

Halimah Yacob, NTUC Deputy Secretary-General and United Workers of Electronic and Electrical Industries Executive Secretary

Said Mr Toh: "We have made tremendous improvements in the past decade, with about 8 to 10 per cent on average per year increase in productivity levels. But going forward, it will not be as easy as the low hanging fruits have been picked up. The key strategy for this lean transformation now is to engage every colleague in this process."



By
Naseema Banu Maideen

Charging towards lean transformation is the clear target on the cards for Energizer Singapore Private Limited, as it stamps its commitment towards raising productivity by three to five per cent within the next five to ten years.

Largely driven by lean manufacturing, a production practice that focuses on identification and elimination of waste and non-value-adding activities, the company has targeted to enhance productivity levels through lean transformation.

Said the company's Director for Manufacturing, Mr Toh Ming Hon: "We have employed lean manufacturing culture in this pilot project that will reduce labour hours and improve productivity significantly. We expect to save many man hours and commit to spend these hours on enhancing the capabilities of employees in these production lines by providing them with enhanced training opportunities.

"With this people development strategy, we will be able to ride further on the productivity momentum when the economic situation becomes more positive in the future. This is an investment on the future."

Mr Toh was explaining the improvements that lean culture can bring about on the production line for alkaline batteries to NTUC Secretary-General Lim Swee Say and other union leaders who were on a visit to the company's plant on 1 March 2010. The company is organised by United Workers of Electronic and Electrical Industries.

Pepperl + Fuchs (Manufacturing) Private Limited

No “R” (Retrenchment) Word – how Pepperl + Fuchs (Manufacturing) Private Limited went the extra mile to save jobs, and explained to its corporate headquarters how it avoided retrenchments by working with the Union to explore other options despite calls to cut the global headcount, including Singapore.

Pepperl+Fuchs (Manufacturing) Private Limited (Pepperl+Fuchs), the headquarters for the Pepperl+Fuchs Group’s manufacturing factories in South East Asia, was badly affected by the severity of the downturn. Despite receiving instruction from its corporate headquarters to cut headcount, the management was confident it could preserve jobs and took the unprecedented step of convincing its headquarters that, with the Union’s support, it could achieve the same outcome to cut costs without having to retrench a single employee. The Union, in turn, joined the management to persuade mature employees who did not want to go for training and rallied ground support for the cost-cutting measures. With such close collaboration, the Company was not only able to avoid retrenchments, but also secured two new production lines during the downturn.

Pepperl + Fuchs (Manufacturing) Private Limited

Organisation Profile

Headquartered in Mannheim, Germany, the Pepperl+Fuchs Group was founded in 1945 by Walter Pepperl and Ludwig Fuchs as a radio repair workshop. Since then, the Pepperl+Fuchs Group has grown into one of the world's largest manufacturers of electronic sensors and a market leader for intrinsic safety and explosion protection technology. Today, it employs more than 4,100 employees across the world, with branches in 27 countries in Europe North and South America and Asia.

Pepperl+Fuchs was established in Singapore in 1979 as a major manufacturing operation outside Europe for the Pepperl+Fuchs Group and serves as the headquarters for its manufacturing factories in South East Asia. The Singapore manufacturing plant develops and produces electronic components for the global market of industrial automation. It currently employs about 750 employees including supervisors, executives and management staff. The majority of the employees are female operators, with an average age of 33 years old. Their job scope includes operating production machinery, assembly of parts, soldering, insertion, stamping, scope work and packing.

Labour-Management Relations

Pepperl+Fuchs was unionised in 1997 through a secret ballot. Labour-management relations in the first few years were strained by different attitudes and expectations.

In 2000, Mr Jason Lee, Assistant Quality Assurance Engineer and Branch Chairman, who had worked in the company for almost 13 years, became a branch committee member, and was elected branch chairman a year later. As the new branch chairman, Jason was keen to improve the industrial relations between both parties. "I hoped to show that we (Union)

are genuine in wanting to solve problems and issues together with the Company for a win-win outcome," shared Mr Lee. Mr Lee pro-actively engaged the management in informal dialogues to encourage greater information sharing, joint consultation and a pragmatic approach to resolving differences. Through these efforts, the Union managed to chip away the confrontations of the past and lay the foundations for better relations.

In 2003, the labour-management relationship was put to the test during the SARS epidemic which affected businesses worldwide, especially in Asia. In consultation with the branch union leaders, the Company implemented flexible working hours to cope with the drop



in production orders. “We worked closely with the Company and showed them that we (Union) are committed to solving issues,” expressed Mr Rahim Abdul, Engineering Assistant and Branch Secretary.

Today, the Union and management enjoy good relations. The Company supported UWEEI’s Care and Share initiative by giving cash contributions to the NTUC U Care Fund. It also supported various key events of the Union, such as UWEEI’s annual Dinner and Dance. In recognition of its commitment and efforts to work with the Union during the recent downturn, Pepperl+Fuchs has been conferred the Plaque of Commendation for NTUC May Day Award 2010.

2009 Recession

Pepperl+Fuchs saw its orders dipping to as low as 30 per cent of its normal production in the first quarter of 2009. Mr Chua Yeow Seng (YS Chua), the Company’s Operations Director, shared that “the events came so swiftly that we did not know what to expect”. The plant’s Sensoric Department, which produces multiple types of sensors for various industries and highly dependent on recurring orders, was especially impacted with high numbers of cancellations.

The corporate headquarters (HQ) in Germany called for cost control in all areas of operations worldwide. Management in Singapore held frequent joint consultations with the Union, sharing updates on the HQ’s directives and the Company’s financial situation and prospects. UWEEI IRO, Mr Roy Chua said, “It was important for the Union to be updated about the Company’s financial situation during the downturn, so that should the situation deteriorate, we can work with the company to implement the necessary measures in order to save jobs.”

The Company adopted a range of cost-saving measures, such as holding back on capital investments, cutting back on electricity and water consumption as well as travelling expenses. The Union was consulted by the Company about implementing a shorter work week on a 50-50 co-sharing basis, using annual leave balance – all workers across the Company would work only four days each week as the Company reduced operating time by 20 per cent. Mr Roy Chua introduced SPUR to the Company and invited e2i to explain to the management how the SPUR funding worked. As a result, employees were sent for training during the shorter work week, and the Company received absentee payroll which helped to subsidise the total wage costs. The foreign workers who were not eligible to go on SPUR were asked to go on shorter work weeks, also co-shared 50-50 with the company.

Confident that these measures would be enough to meet the targeted reduction in operating costs, Mr YS Chua committed to a “no R (Retrenchment) word”. He assured the Union that the Company’s priority was to save jobs. Having worked with the Union for many years on industrial relations matters, Mr YS Chua felt that the Company would be able to minimise hardship for the employees and get through the crisis together.

To Mr Lee, the Company undertaking such a commitment was an important assurance to the union leaders and members. “It was a relief for everyone, because despite the severity of the downturn, the Company was prepared to promise us that we could keep our jobs which was very important, especially for those who with families”.

UWEEI disbursed a total of S\$39,400 worth of cash to Pepperl+Fuchs members through NTUC’s UCIA programme. Each union member received S\$100 cash in July 2009. Production operators like Madam Ang Tang Soon, 43, and Madam Lim Poh Kong, 54, appreciated the care and assistance that UWEEI and the management provided them with. “This S\$100 will help to cover some of our transport expenses. In this difficult time, every form of help matters a lot to us,” said Madam Ang. “It is comforting to know that our union and company are not leaving us to handle the recession on our own. We know that our bosses are working closely with the Union to save our jobs,” added Madam Lim.

Challenge and Opportunity

1. Mature Workers’ Resistance towards Training

While sending employees for SPUR training, there was a handful of mature workers who were resistant towards training and wanted to opt for leave deduction instead. The Company’s Senior HR Manager, Ms Cindy Ng, spent time to counsel this group of employees personally to encourage them to go for training. “I presented them the facts, together with their supervisors, to let them know the severity of the crisis to the Company, and the importance of training to ensure their employability,” explained Ms Ng. Mr Lee was asked to join in during the counselling sessions. Being a familiar face to many members, he brought greater assurance to the workers that the training would be useful. Eventually, the majority was convinced.

2. Retrenchments

In the last quarter of 2009, the Company informed the Union that the HQ had informed that they will be reducing manpower globally to keep the business viable; the Singapore plant had to retrench 30 workers. The Union was concerned over the fate of the older members, most of whom were long-serving workers who may not be able to find alternative jobs if laid off. The Union proposed that the Company extend the shorter work week, or even cut salaries as a last resort measure rather than retrench workers. Mr YS Chua highlighted, “The Union raised their concerns, we discussed and came up with solutions acceptable to both parties”. There was a slight reduction in numbers due to attrition, and the remaining excess workers were re-deployed to other departments. Mr Edmund Huebner, the Company’s Managing Director since the Singapore plant started operations in 1979, and who is appreciated among members for his concern and commitment to employees’ welfare, flew specially to Germany to account for the Company’s decision not to retrench.

Key Success Factors

The willingness of the Company to disclose information demonstrated good faith and a sincerity to work together, enabling both parties to reach agreements quickly and generate solutions to manage the downturn. Emphasising that the key word to the success

in managing the downturn is “trust”, Mr Roy Chua shared that while both parties have differences, they shared the same objective, ultimately, to ensure that the Company is competitive and workers’ welfare are taken care of.

The management also credited the union leaders for their effective leadership and ability to rally workers’ support for long term measures that would benefit them, while addressing members’ immediate concerns. The branch union leaders made informed decisions that were beneficial to the workers in the long run, and were there to address members’ concerns. “The presence of the Union brought in trust from the workers and this helped to rally ground support and understanding to the cost cutting measures,” stressed Mr YS Chua.

Going Forward

The shorter work week in Pepperl+Fuchs ceased in September 2009, and orders have improved tremendously. Production capacity has reverted to pre-crisis levels for all departments. During the lull period, Pepperl+Fuchs acquired two new production lines from a competitor, and has expansion plans for the Singapore plant in the near future. However, management is still cautious about whether the upward trend will remain strong for the coming quarters, and will thus likely continue to make prudent decisions vigilantly.

The Company accepts the Union as a strong working partner and will involve the Union as it embarks on its productivity drive to increase the Singapore plant’s competitiveness. The Union believes that the stronger synergy with the management will help both sides to embark on other initiatives, such as the re-employment of older workers.



Key union leaders visited Pepperl+Fuchs plant during the crisis and explored more opportunities of working together with the Company on cost-saving initiatives.



Fast Aid For Pepperl+Fuchs

UWEEI Sends Immediate Assistance To Members On Shorter Work Weeks



Wong Teck Han

By
Naseema Banu Maideen

With the continuing gloomy global economy, the electronics industry has also lost its spark.

Companies in this sector are expected to put about 100 to 200 workers on shorter work weeks within the month, said NTUC Deputy Secretary-General and United Workers of Electronic and Electrical Industries Executive Secretary Halimah Yacob. To cushion the workers from the full impact of the loss of a substantial sum of income, UWEEI is tapping on \$500,000 of the Labour Movement's \$23 million U Care Fund to provide them with relief. Assistance will be given to them through the U Care Immediate Assistance and Bursary and Scholarship TOP-UP Scheme.

The first group of UWEEI-unionised workers to receive relief were 80 from Pepperl+Fuchs (Manufacturing) Private Limited. Each got U Care Immediate Assistance of \$100 on 1 July 2009.

Pepperl+Fuchs manufactures a wide range of industrial products. Its factory automation business unit produces multiple types of sensors for various industries, while its process automation business unit produces a variety of intrinsic products. With oil prices declining, the company has struggled to keep itself on the circuit since the last quarter of 2008. Since March 2009, all workers across the company have been on shorter work weeks, working – and being paid – only four days each week.

This arrangement came about with the company's decision to reduce operating time by 20 per cent. While half of the brunt of the shorter work week is borne by the employees'

remaining annual leave, the other half is borne by the company.

Said DSG Halimah: "Like many electronics companies, Pepperl+Fuchs is also facing low orders. UWEEI has been working closely with the management to put workers on SPUR (Skills Programme for Upgrading and Resilience). Despite the downturn and low orders, the company remains very optimistic about its operations in Singapore, which is the headquarters for its factories in South East Asia, because we have a pro-business climate, skilled workers and good Labour-Management Relations."

The company's Director of Operations, Mr Chua Yeow Seng, said: "We have been consciously cutting costs to protect as many jobs as we can. We have held back on capital investment, cut back on electricity and water consumption and also on travelling expenses. At the same time, we are careful not to impact costs that are allocated to the welfare of our employees, especially our low-wage operators.

"For instance, we still keep our sports and recreation facilities running and continue to subsidise the cost of catered food for the workers offered in the cafeteria. We are also constantly in touch with UWEEI in our pursuit to save our business and jobs for our workers."

Production operators like Madam Ang Tang Soon, 43, and Madam Lim Poh Kong, 54, appreciate the care and assistance that UWEEI and the management are providing them with.

"This \$100 will help to cover some of our transport expenses. In this difficult time, every form of help matters a lot to us," said Madam Ang.

"It is comforting to know that our union and company are not letting us handle the recession on our own. We know that our bosses are working closely with the union to save our jobs," added Madam Lim.

“The industrial climate for the electronics sector is sound, considering the amount of upheaval that this industry and the workers have had to go through, in the form of retrenchments and shorter work weeks, compared to just eight months ago when the common complaint was shortage of workers.

But this did not come by chance. Our union leaders and industrial relations officers have worked very hard to maintain and build upon the relationships with management partners. Even through these times, we have still maintained our membership and even recruited a few new branches.”

Halimah Yacob, NTUC Deputy Secretary-General and UWEEI Executive Secretary

Mr Chua also highlighted that 100 employees have attended Employability Skills System and Workplace Literacy and Numeracy programmes through SPUR since they embarked on shorter work weeks. As management leaders believe that the economy is not likely to make a quick recovery in 2010, they will continue to make prudent decisions vigilantly.

Hoya Magnetics (Singapore) Private Limited

Breaking Bottlenecks – how Hoya Magnetics (Singapore) Private Limited worked with the Union and e2i to clear obstacles in the path of worker training during the downturn.

Hoya Magnetics (Singapore) Private Limited (Hoya Magnetics) is a subsidiary of Hoya Corporation, which is a leading supplier of innovative high-tech products based upon its advanced optics technologies. In 2009, Hoya Magnetics faced an unprecedented cut in orders during the downturn and had to implement a three-month shutdown in order to cut costs and save jobs. But it faced two obstacles, the first being insufficient training places and unsuitable courses for its workforce. The second obstacle was the reluctance of workers who were daunted by the prospect of undergoing training for three months. The Union and management worked tirelessly with e2i to unravel this bottleneck. They also visited the training centres regularly to persuade the workers to continue with the training. This experience helped to strengthen mutual trust and raised the partnership to a higher level in Hoya Magnetics, which is a relatively new UWEEI branch.



Hoya Magnetics Singapore Private Limited

Organisation Profile

Since its establishment in 1941 as Japan's first specialty manufacturer of optical glass, Hoya Corporation has become a leading supplier of innovative and indispensable high-tech products based upon its advanced optics technologies. Hoya Corporation is active in four fields of business. The information

technology business makes mask blanks and photomasks for semiconductor devices and liquid crystal panels, optical lenses, and glass memory disks for hard disk drives. The eye care business provides eyeglasses and operates contact lenses retail shops, as well as makes intraocular lenses for cataract surgery. The life care business provides endoscopic system. The imaging system business produces single lens reflex and interchangeable lenses as well as digital camera lens module and microlens.

Hoya Magnetics is a subsidiary of Hoya Corporation, and was incorporated in 1995 for the main purpose of manufacturing glass substrate media. There are a total of 550 employees, of which 350 are rank-and-file workers. Of the total workforce, 60 per cent are males, and the mean age of the workforce is 33.8 years old.

Labour-Management Relations

The Union and Hoya Magnetics have shared a cordial relationship since the Company was unionised in 2007. The downturn in 2009 was the first test of the bipartite relationship between the Company and Union. Hoya Magnetics saw its sales dip drastically for consecutive months, and had to undergo some belt tightening. Instead of retrenchment, the Company worked closely with the Union to cushion the impact on its 550 workers. In recognition of its commitment to adopt the Tripartite Guidelines in MEM and adhere to the spirit of tripartism in managing the downturn, Hoya Magnetics was conferred with the May Day Model Partnership Award (Institutional) in 2009 and the Upturn the Downturn May Day Award in NTUC May Day 2010.

2009 Recession

Hoya Magnetics was severely affected during the financial crisis, with production volume being reduced by 35 per cent in December 2008. The production volume was further reduced to less than 10 per cent of its normal volume from January to April 2009. Besides the reduction of production volume, the sales price dipped drastically by 18 per cent.

Hoya Magnetics's management quickly embarked on immediate and necessary cost-cutting measures and approached UWEEI for support. These measures included implementing a wage cut for the management staff, re-scheduling work-shift patterns to better control overtime and implementing shorter work week with 50-50 co-sharing. The Union encouraged the Company to send the employees for SPUR during shorter work weeks so

that it could better cope with the excess manpower. Foreign workers were engaged creatively by the Company in other functions such as R&D.

The Company made an ex-gratia payment to the foreign workers whose contracts were not renewed, and carried out a voluntary retirement exercise for exempt staff who wished to leave the Company before reaching the retirement age; 30 staff took up the offer.

As the severity of the downturn was unprecedented, many employees were confused and worried over the drastic cost-cutting measures. The Company held communication sessions with its employees to explain the circumstances and keep them updated about business conditions. The Company invited the Union to join these sessions and to help rally the workers to support the cost-cutting measures.

The efforts paid off, as no retrenchments were carried out despite the severe impact of the downturn on the company. The Company received approximately S\$300,000 of absentee payroll and training subsidy from sending its employees to SPUR training. UWEEI also gave out S\$31,900 to 319 members who each received S\$100 each from NTUC's UCIA programme.

Challenge and Opportunity

1. Three months shut down

The Union was informed by the Company in November 2008 that they had to implement a complete three months shutdown from end January to April 2009 for all 550 employees. "Although the SPUR training plan was already in place, it was catered only for a group of 200 Singaporeans and PRs," recalled UWEE IRO, Ms Pang Sin Shi. Mr Paul Low, the Company's HR and General Affairs (GA) Manager, added that there were many challenges in finding suitable courses for its employees, and most training institutions were not able to accommodate a large number of workers at one time.

Ms Pang worked immediately with e2i and its training centers to cater to the Company's training needs. Through the collective efforts of all parties, a range of courses were arranged for the employees to be enrolled in almost every day. "With the assistance from the Union, e2i extended its helping hand to the Company and brought our message to respective institutions and authorities to allow certain customer service related courses to be eligible to manufacturing industry, and also to help find training institutions which can accommodate large scale trainees for us," said Mr Loo Kin Pung, the Company's Managing Director.

2. Resistance to training

Many members were resistant to attend training courses due to various reasons. The Company and Union worked together to tackle these issues. Some employees found the training venues to be inconvenient and there was no company transport provided. The issue was settled when the Company decided to provide them transport allowance. There were also employees who were reluctant to go for courses every day for three whole months, and asked to be retrenched instead. The HR personnel and Ms Pang made several trips to the training centers to talk to the workers, and gave them support. Working together, they

shared the realities of the economy and the importance of preserving their jobs rather than being retrenched, especially during a downturn. The branch committee was also on the ground to assure workers and gave their support to their peers to attend training.

Key Success Factors

After the downturn, Ms Pang shared that the Company and Union are more open and frank in their discussions now. Mutual trust and confidence between the Company and Union have been vital for the Company to go through this crisis as it helped raised the level of partnership.

Since the beginning of the crisis, both the Company's top management and the Union have shared the same philosophy to 'cut costs and save jobs'. This common commitment helped the Company to maintain zero retrenchments despite the severity of the crisis. Ms Pang also credited the branch committee who played an important role to rally the ground and motivate the rest of the workers when staff morale was low. Adding on to this point, Mr Loo emphasised that understanding and faith from the Union and employees in the Company's commitment to save jobs was extremely crucial. "Employees' understanding of Company's 'cut costs and save jobs' philosophy as well as their loyalty towards the Company and their perseverance" were key enabling factors for the Company to survive through the downturn," said Mr Loo.

Going Forward

Although business for Hoya Singapore has picked up since May 2009 with production volume recovering to pre-crisis level, its fiscal year end result was still in the red. Despite that, the Company gave out variable bonuses in October 2009 and March 2010 to show its appreciation to the employees for standing by the Company through the downturn. In terms of the labour-management relationship, Mr Loo shared that he looks forward to an ever-supportive role from the Union. Hoya Magnetics is also studying the various productivity initiatives recommended by the Economic Strategies Committee and hopes to tap on the various schemes announced in the Budget 2010 to raise the overall productivity in the Company.



GLOBALFOUNDRIES Singapore

Leading the Way in Raising Skills Level Across the Industry – how GLOBALFOUNDRIES Singapore partnered with UWEEL, WDA and e2i to launch the Workforce Skills Qualification (WSQ) Framework for the wafer fabrication Industry.

As one of the world's largest foundries, GLOBALFOUNDRIES Singapore operates in a business where technology changes rapidly. It invests heavily in people development to stay ahead of the competition. GLOBALFOUNDRIES Singapore, together with five other wafer fabrication companies, became a perfect partner for UWEEL, e2i and WDA to work with to launch the WSQ system for the wafer fabrication industry. It started with the training of engineers and has plans to expand to cover technicians and operators. At the end of 2009, more than 2,500 employees from the company have benefitted from the WSQ training. The WSQ is a first for the industry and shows how a union-management partnership can help overcome obstacles for different companies with different concerns and priorities to achieve a mutually beneficial goal of raising the skills level in the sector.

GLOBALFOUNDRIES Singapore

Organisation Profile

Headquartered in Silicon Valley, California with manufacturing centers in Germany, Singapore and New York, GLOBALFOUNDRIES is one of the world's largest foundries by revenue. GLOBALFOUNDRIES employs approximately 10,000 employees spanning three continents, with regional sales and support offices in Milpitas (California), Austin (Texas), Shanghai, Yokohama, Hsinchu, Austin, Guilford (United Kingdom) and Munich. It manufactures integrated circuits in high volume for semiconductor companies such as AMD, Broadcom, Qualcomm and STMicroelectronics.

GLOBALFOUNDRIES Singapore (formerly Chartered Semiconductor Manufacturing) is one of the key manufacturing and operation sites for GLOBALFOUNDRIES. Established more than 20 years ago in Singapore, the former Chartered was purchased by the Advanced Technology Investment Company of Abu Dhabi (ATIC) in December 2009, and its operations merged into GLOBALFOUNDRIES with the new company launching in January 2010. Featuring both 200-millimeter (mm) and 300mm wafer manufacturing facilities, GLOBALFOUNDRIES Singapore provides a diverse product portfolio to address mainstream technologies and advanced technologies down to 40-nanometer (nm) processes. In addition to manufacturing, GLOBALFOUNDRIES Singapore houses corporate functions in Design Enablement, Marketing, Customer Engineering, Enterprise IT, and Customer Support. Its customer base is primarily high-growth, technologically advanced companies operating in the communications, computer and consumer sectors.

GLOBALFOUNDRIES Singapore currently owns or has an interest in six wafer fabrication facilities, including a 300mm fabrication facility and five 200mm facilities. It has a total workforce of 7,000 employees. The average age of GLOBALFOUNDRIES Singapore employees in Singapore is approximately 32 years old, with about two thirds being male.

Labour-Management Relations

Unionised in 2008, the labour-management relationship in GLOBALFOUNDRIES Singapore has generally been cordial. The downturn was the first test of the bipartite relationship between the Union and Company. "GLOBALFOUNDRIES Singapore's management saw the Union as a working partner in the downturn and was willing to engage the Union in close and constant consultations", shared UWEEI IRO, Ms Wong Zi Tian. As a result of the active engagement, the labour-management relationship between UWEEI and the Company has emerged stronger and closer after the downturn. "After going through the downturn together, the working relationship has strengthened. We (management and Union) can now just give each other a call to find out how the business situation is," said Ms Wong.

To recognise the institutional partnership between UWEEI and the management which helped the company to overcome challenges during the crisis, GLOBALFOUNDRIES Singapore was honoured with the May Day Model Partnership Award (Institutional) in 2009.

2009 Recession

The downturn caused an unprecedented rate of decline in semiconductor demand worldwide. In the last quarter in 2008, the fabs' utilisation rate in GLOBALFOUNDRIES Singapore fell to 59 per cent. For the full year in 2008, the Company suffered a net loss of US\$92.6 million as compared to a net income of US\$101.7 million in 2007. The fabs' utilisation rates slid further to below 40 per cent in the first quarter of 2009.

Since the third quarter of 2008, the Company implemented a number of cost-reduction measures such as reducing non-payroll related manufacturing and procurement costs, as well as directing resources to work on various productivity and quality improvement projects. Other actions included implementing a temporary hiring freeze, mandating block leave clearance and eliminating overtime work which was almost equivalent to reducing 15 per cent of the workforce then. To further reduce costs, the Company implemented a 5 to 20 per cent wage cut in November 2008 with the top management taking the biggest percentage of pay cut. The Company also implemented a one week plant shut down during Christmas and Lunar New Year.

Both the Company and UWEEI were in close consultation from November 2008 to explore various cost-cutting measures to save jobs, including making arrangements for workers to embark on SPUR. When the Company released foreign contract workers, it consulted with the Union on a fair compensation by way of an ex-gratia payment.

In early January 2009, the Company informed UWEEI of the worldwide resizing exercise that it needed to carry out – 600 workers had to be retrenched worldwide, and 90 per cent (or 500) of the cuts were expected to come from Singapore. “The workforce resizing affected most departments worldwide, including manufacturing operations, R&D, administrative and corporate support functions. It was unavoidable that the vast majority of the affected employees were from Singapore, as this is the main location of the Company's fabrication operations and the majority of the employees are in Singapore,” shared Ms Cindy Yeo, HR Director of GLOBALFOUNDRIES Singapore. “Unfortunately, business conditions continued to deteriorate with utilisation falling below 40 per cent. Despite the Jobs Credit scheme, resizing was unavoidable,” said Mr Chia Song Hwee, previously CEO of Chartered and now Chief Operating Officer (COO) of GLOBALFOUNDRIES, in an interview with The Straits Times on 30 January 2009.

Challenge and Opportunity

1. Information Sharing

Before the downturn, there had been limited communications between the Union and the Company about its business situation. When a wage cut for the management staff was reported in the media, Ms Wong had to call the Company to find out more about the cut. The Company was very willing to share and engage the Union, with the top management visiting UWEEI's office personally to meet up with NTUC Deputy Secretary-General and UWEEI Executive Secretary Madam Halimah Yacob, UWEEI Deputy Executive Secretary



The launch of Workforce Skills Qualifications system for the wafer fabrication industry went a long way in upgrading the skills of the workers in this industry.

Mr Ong Keau and Ms Wong to explain the severity of the business conditions. “The close partnership and timely consultation between the Company and the UWEEI had been invaluable in helping the company to cope with the downturn. Business dynamics were well appreciated and business decisions were understood by UWEEI,” said Ms Yeo. The Company agreed with the Union’s proposal to limit reductions to the wages of the rank-and-file workers as they were already earning less due to the loss in overtime pay.

2. Retrenchments

After meeting with the Company, Ms Wong worked with e2i and the Company’s HR training representatives over the Hari Raya holidays to make arrangements for workers to go on SPUR. However, SPUR training had to be put on hold due to the retrenchments which helped the company save US\$16 million over the year. In addition to the retrenchment benefits, the Company also provided an additional S\$1,500 as ex-gratia payment, as well as outplacement services. Ms Wong shared, “The Company informed us early, which gave us enough time to plan how to help the affected staff. The Company has been a responsible employer. It was willing to pay according to market norms and even offered additional assistance to the affected employees”. On UWEEI’s part, it worked with e2i to arrange for the retrenched employees to go for employability camps which taught them skills such as resume writing.

The retrenchment was conducted after Lunar New Year in early February 2009. The retrenched employees were mainly rank-and-file workers, with priority given to Singaporeans to keep their jobs. As this was a major retrenchment, UWEEI IROs, Mr Ong Keau and e2i worked closely together to help in the arrangement of training workshops and preparation of retrenchment kits. UWEEI also conducted a series of presentations during the retrenchment exercise to ensure that affected employees would know where to look for help. Madam Halimah personally called on the Company to speak to affected workers.

“UWEEI officials, including Madam Halimah Yacob, were on-site with the company during the restructuring exercise as well as made time to personally speak with the employees on the values of SPUR. Such effort helped the affected employees to embrace training with a more positive mindset. The close consultation and trust also enabled both UWEEI and the Company to jointly respond to media queries positively which the Company appreciated,” said Ms Yeo.

3. WSQ System for the Wafer Fabrication Industry

Continuous upgrading and re-skilling is a key priority for UWEEI. To enhance the competitiveness of the wafer fabrication industry in Singapore, UWEEI collaborated with GLOBALFOUNDRIES and five other companies, as well as e2i and WDA during the downturn to develop the Wafer Fabrication WSQ system. “GLOBALFOUNDRIES Singapore has always focused on people development. In a high tech industry such as wafer fabrication, where technological advancements happen almost every day, people are the company’s most valuable asset. It is our employees who help us win in the market competition. During the downturn, the company recognised that our employees must be better trained and developed so that they are more productive when the market turns around. Having a good training system will help us to do that quickly,” said Ms Yeo. As of December 2009, more than 2,500 employees from GLOBALFOUNDRIES Singapore have benefited from the WSQ training. “Our employees are now better trained. Morale is higher and employees generally are more motivated,” said Ms Yeo, who added on that the development of the WSQ system helped the company to alleviate the difficulties faced during the downturn.

Key Success Factors

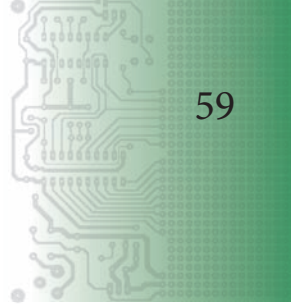
“We are very grateful for the support and counsel from UWEEI to help us manage our workforce amid the downturn. The collaboration is invaluable. It is indeed a great honour to receive the award (May Day Model Partnership Award in 2009) together with UWEEI,” said Mr Ng Seng Huwi, the Company’s Vice President (HR) in an interview with Business Wire on 26 May 2009. Madam Halimah also credited the Company’s willingness to engage the Union in open discussions and for valuing UWEEI as a working partner. “The Company supports the Tripartite Guidelines for MEM and actively responded in sending its workers for training through SPUR. In addition, the Union was informed regularly about its cost-cutting plans, and this gave both the Company and Union sufficient time to discuss how best to help affected workers,” said Madam Halimah.

Both parties were also of the opinion that the tripartite cooperation which was already established at the national level led to less skepticism and more ready acceptance of measures introduced at the company level, allowing labour-management partnership to develop in the spirit of positive engagement. “Trust and conscious effort to continuously drive and cultivate tripartism is invaluable for the overall success of the Company, employees and the general economy of Singapore. It is through such a platform and close partnership that all parties jointly win as a team with business dynamics well appreciated

and business decisions well understood by all in a timely, fair and compassionate manner,” said Ms Yeo.

Going Forward

The business situation at GLOBALFOUNDRIES has been improving since the second quarter of 2009, and the pay cut for the management staff was restored by October 2009. The Company continues to emphasize finding ways to increase productivity among its employees as well as maximise employee training programs and opportunities. Moving forward, both parties hope to create a stronger synergy from the labour-management relationship to help the Company remain competitive as well as to enhance the employees’ welfare. “We look forward to continuously cultivating a close and mutually trusting partnership with the Union with due consultation and collaboration,” said Ms Yeo.



Conclusion

The experiences shared provide insights into the value of union-management collaboration at the company level. Managing the downturn required quick responses to immediate pressures with a commitment to long-term sustainability of the business and employment for workers. Cost-cutting measures could not have been effectively implemented without the trust and understanding of employees that they were necessary to help save jobs. Avoiding record retrenchments despite 2009 being the worst economic downturn experienced yet in Singapore would not have been possible without the commitment of employers to invest in training to upgrade skills and improve their employees' capabilities and capacity to position them for economic recovery. Helping workers and their families cope with the uncertainty and hardship, especially those who had to be retrenched, would not have been possible without the training, employment assistance, and financial assistance schemes available at national, industry and company levels provided by Government, NTUC, e2i and employers.

Key factors that enabled companies and workers to ride out the downturn together:

1. Timely and comprehensive measures, such as SPUR and Jobs Credit scheme, to assist and support companies, with close consultation and collaboration by the Government and its tripartite partners, NTUC and SNEF at national level.
2. Enlightened management that appreciate the value of good labour-management relations based on trust, open communications and engagement with employees and the Union.
3. The value-adding engagement and services of UWEEI, with informed and responsible union leadership supported by professional full-time staff and secretariat, empowered by the tripartite partnership in industrial relations.

The close cooperation between UWEEI and its management partners did not happen by chance. As seen in the experiences shared, labour-management relations did not begin smoothly in all companies but developed over time, when management and Union were willing to engage in ongoing dialogues and communications and work together with a shared vision to improve the well-being of both the company and its employees.

Moving forward, the electronics sector has rallied faster than expected. Many companies are well-positioned coming out of the crisis, working with UWEEI as a partner to enhance productivity and competitiveness. The Union has learned the importance of thinking fast and acting fast, and the flexibility needed to address different business and worker needs. Workers have learned that to keep pace with the changing workplace the key is continuous learning to remain employable. Employers have learned that strong bipartism is a competitive and strategic advantage for them.

Managing The Downturn The UWEEI Way



by
Roy Chua
Industrial Relations Officer

In the current economic downturn, retrenchment exercises may be unavoidable, but with the union extending help to companies, the impact can be cushioned.

The United Workers of Electronic and Electrical Industries exemplifies the importance of such a supporting role in the recent retrenchment exercise conducted by Delphi Automotive Systems Singapore Pte Ltd. The union had engaged the company in advance to discuss the proper implementation of the exercise. A structured out-placement system was put in place after information-sharing between the company and UWEEI. It was arranged that affected workers would attend the Attitude, Skills, Knowledge (ASK) workshop at e2i (Employment and Employability Institute) to align them to the current realities of the job market, and to bring them up to speed on the changes in interview requirements by employers.

More importantly, the ASK workshop gave these workers the right mindset to approach



the situation.

UWEEI Deputy Executive Secretary Ong Keau was present at the workshop. He stressed the need for the affected workers to practise prudence in managing their retrenchment package.

UWEEI Assistant Executive Secretary Loh Kian Hin highlighted the importance of UWEEI's membership, especially in times of need, when these members require all the support they can get from the union. UWEEI also distributed transport vouchers worth \$40 to each of the affected members who attended the ASK workshop.

After attending the ASK workshop, workers would be attending a series of funded courses to boost their readiness to seek new jobs.

Lunch And Learn To Strengthen Ties



by
Wong Zi Tian
Industrial Relations Officer

As part of its outreach series, the United Workers of Electronic and Electrical Industries held two lunches for Chief Executive Officers from 16 companies in January and March.

NTUC Secretary-General Lim Swee Say and Minister in the Prime Minister's Office Lim Boon Heng attended these two lunches, respectively. Union representatives and the invited management partners took

the opportunity to network and discuss about industry challenges.

These gatherings serve as a platform for UWEEI to hear from companies on how they are coping with the downturn, which is taking the electronics industry by storm. Companies are plagued by drastic reduction in orders, with drops as high as 60 per cent in some cases.

During the lunch, companies provided positive feedback for the Skills Programme for Upgrading and Resilience (SPUR). To date, a total of 44 companies have already committed to SPUR training. The Jobs Credit Scheme will also help companies reduce labour cost by 4 to 5 per cent.

However, CEOs also urged for faster disbursements of the SPUR absentee payroll and asked for help in bringing down rents. These steps will help the companies who think that there is no recovery of the industry in sight.

By having constant engagement and establishing strong ties, UWEEI and its companies are braving this storm together.

Upturn
working for
the
downturn



UWEEI Dragonboat Clinic, Teamwork In Rowing

Moving into 2009, Young UWEEI, the youth wing of United Workers of Electronic and Electrical Industries, decided to get their feet wet and try their hand at rowing dragonboats. It organised a Dragonboat Clinic for members, UWEEI executive council and staff, in March.

Some 50 participants took part in the clinic. Braving the afternoon sun, the participants rowed in the Kallang River in three boats.

They even engaged in a mini inter-UWEEI dragonboat race in which the boat comprised of mostly employees of JVC Electronics, emerged proud winners.

"We can see many happy smiling faces floating on that stormy sea-water. Many of us were counting 20 strokes, 30 strokes and we were rowing even more," said Mr Chua Choo Thing, IT Manager, JVC Electronics, after the event.

Judging from the smiles even as they sought shelter from the heavy downpour under the Singapore Dragonboat Association's limited zinc-plate shelters, it was clear that the clinic had been a success. - Roy Chua



16 **caringfor U** • mostcaringlabourmovement

UWEEI Sends **\$2.6 Million** In Total Relief



By Nicolette Yeo and Naseema Banu Maideen

It is a cold fact that the global recession fever caused a hefty number of casualties in the manufacturing industries. But the \$2.6 million of relief from the Labour Movement's U Care Fund that was given out to members of the United Workers of Electronic and Electrical Industries sure were heartwarming dosages of painkillers. Assistance reached members in the form of cash from the U Care Immediate Assistance programme, U Stretch vouchers as well as in bursaries and scholarships.



Scheme	Amount Disbursed	Beneficiaries
U Care Immediate Assistance (cash)	\$1.7 Million	17,000 Members On Shorter-Work Weeks
U Stretch Vouchers	\$800,000	10,000 Lower-Income Families
Bursaries and Scholarships	\$146,075	804 Recipients

A Wave Of Relief... Members from Carrier Transcold Pte Ltd were one of the 60 companies that received U Care Immediate Assistance from UWEEI.

UWEEI Is There For Them

“It is during times like this that our members need our help the most and I am glad that we have not failed them. I am truly grateful to the U Care Fund for providing us with the means to support our members. Through our assistance schemes, we helped to reduce the hardship that our workers face. Many workers appreciated the help. On the employment front, we worked with companies to save jobs. We truly are a caring Labour Movement.”

Halimah Yacob, NTUC Deputy Secretary-General and UWEEI Executive Secretary

Giving Immediate Relief

“Our members were the first group of UWEEI-unionised workers to receive relief from the U Care Fund. With oil prices declining, the company was struggling with low orders since the last quarter of 2008. From March to August 2009, all workers across the company were put on shorter work weeks. In such a situation, all our members appreciated the assistance that came in the form of cash as it was easier for them to put the money to direct use. For many of them, it helped them reduce the burden on part of their transport costs.”

Jason Lee, 34, Assistant Engineer and Branch Chairman, Pepperl+Fuchs (Manufacturing) Private Limited

Keeping Workers Going

“Members were very worried when our sole customer closed two factories in Japan. Members lost about 20 to 30 per cent of their gross pay from December 2008 when the management froze overtime. The company also shut down for a total of two months in the first quarter of 2009. The \$200 of U Care Immediate Assistance and in addition, U Stretch vouchers and UWEEI's scholarships and bursary awards, helped to keep our members going.”

Ramanathan s/o Doraisamy, 37, Senior Engineering Assistant and Branch Chairman, Mitsui Electronics Asia Private Limited

Spend Less For More

“My mum is very sickly, so this \$200 worth of U Care Immediate Assistance can be used to buy medicine for her. I have been spending quite a lot on her as she recently underwent a knee operation. I will also pass my U Stretch Vouchers to her if I get them.”

Gurnaya Singh, 57, Production Supervisor, Panasonic Refrigeration Devices Singapore Private Limited

Something To Celebrate

“My children are grown up and working, so the U Care Immediate Assistance was extra income for me. It came in useful for Hari Raya Aidil Fitri. If I get the U Stretch Vouchers, I will be able to stretch my dollar.”

Roslee Abdullah, 57, Maintenance Supervisor, Panasonic Refrigeration Devices Singapore Private Limited

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A Better Future For All

Almost Twice The Number Of Members' Children Benefit From UWEEI Scholarships And Bursaries... And Some Useful Life Lessons



By Nicolette Yeo

The students attended the United Workers of Electronic and Electrical Industries Scholarship and Bursary Awards Ceremony on 24 October 2009 to receive their academic awards, and got much more instead.

Guest-of-Honour Teo Chee Hean, Deputy Prime Minister, Minister For Defence, and UWEEI Advisor, made the effort to impart three invaluable life lessons.

He said: "Lifelong learning is one message to take away. I think some of you would have seen your parents undergoing re-training and skills upgrading. It sets a good example for you, as students to follow. Education is important because it is the best guarantee of a good future.

"The second message is that you are 'receivers'. It is very nice to receive something because you will have more cash to spend on other things. What is important here is that there are opportunities here in Singapore for you if you want to improve yourself. And we want to make sure that education is one of those



opportunities which everyone has regardless of the economic situation.

"The third lesson today is that, while it is nice to receive something, it is also important to give something. So I hope that one day, or even now as students of secondary schools and higher education, that you should contribute something back to society, your school, the areas in which you live, and to

Singapore. So that, for yourself, your family, your future generations, there will be something for all of us to share next time."

With support from the U Care Fund, UWEEI doubled its scholarship and bursary awards funds to \$146,075 in order to benefit more members' children. A total of 804 students received the academic awards which is nearly double the number for last year.



Safeguarding Her Children's Future

"I am proud that all my children have received bursaries. It has been quite tough for me, but I have been able to balance things out. Besides spending the money on books and other educational needs, I will also be saving it for my children's future."

Jamie Santa Maria (second from right), 45, who was retrenched from Numonyx Pte Ltd earlier this year. Her daughters Shauna (Polytechnic) and Samantha (Primary 3), and son Stefan (Secondary 2) received bursary awards.

Supporting Higher Education Needs

"The money from my daughter's scholarship will go towards her books and uniforms. She is in the NUS High School of Mathematics and Science which is an integrated school, and the book requirements are different from other schools. A Secondary 2 student like her needs to buy Secondary 4 level books."

Madvannan s/o Govindasamy, 45, Senior Technician, Fujitec Singapore Corporation Ltd. His daughter Keshiniy received a Secondary 2 scholarship.



An Encouragement For Further Learning

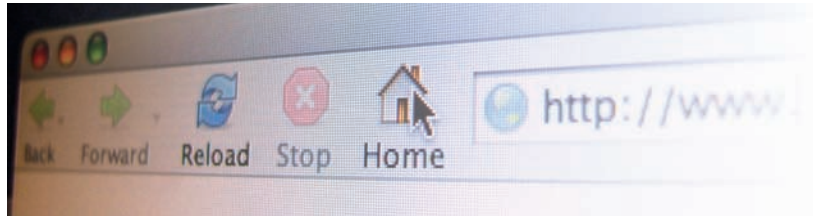
"I feel very honoured that my children have received bursaries to encourage them for further learning. The money may also be used for emergency purposes, such as laptops, but it will mostly be kept for their future needs."

Rayduwan Hassan, 43, Chemical Technician, Mitsui Electronics Asia Pte Ltd. His sons Nur Adli (ITE) and Nur Asri (Secondary 3), and daughter Nurul Ain Natasha (Primary 4) received bursary awards.

A Recognition For Their Efforts

"The fact that it is a scholarship means it is to recognise my children's academic achievement and performance. So, it should function as a way to motivate the children so that they can maintain and do well in their later years."

Desmond Tay, 45, Senior Manager (Planning), United Test & Assembly Center Ltd. His children, Issac and Jia Hui, received a JC and Primary 4 scholarship respectively.



Useful Websites And References

Employment and Employability Institute (e2i)

www.e2i.com.sg

Jobs Credit Scheme

<http://www.iras.gov.sg/irashome/jobscredit.aspx>

Ministry of Trade and Industry

www.mti.gov.sg

Ministry of Manpower

www.mom.gov.sg

National Trades Union Congress

www.ntuc.org.sg

NTUC Women's Development Secretariat

www.ntucwds.org.sg

Singapore Budget 2009

http://www.mof.gov.sg/budget_2009/key_initiatives/jobs.html

Singapore Tripartism Forum

www.tripartism.sg

SPUR (Skills Programme for Upgrading and Resilience)

<http://app2.wda.gov.sg/web/Contents/Contents.aspx?Id=174>

United Workers of Electronic and Electrical Industries

www.uweei.org.sg

Annex A

United Workers of Electronic and Electrical Industries (UWEEI)

Introduction

In the 1960s, workers in the newly-established manufacturing industries setting up operations in Singapore such as metalworking, construction, food and beverage, textiles, and electronics, joined the Pioneer Industries Employees Union (PIEU) and the Singapore Industrial Labour Organisations (SILO). The two omnibus unions were affiliated to the National Trades Union Congress (NTUC) which was established in 1961 and registered as a national centre for trade unions in 1965.

On 14 July 1981, UWEEI was registered as an industry-wide trade union representing workers in the electronics and electrical sector, with the restructuring of the omnibus unions to seven industry-based trade unions. The rationale was to enable unions to gain more in-depth knowledge of their industry to better engage with companies in representing workers' interests.

Affiliated to NTUC, UWEEI is one of the largest unions in Singapore, representing over 53,000 workers in more than 120 companies. NTUC is the only national federation of trade unions in Singapore and is an active affiliate of the International Trades Union Confederation (ITUC). As of 2009, 60 trade unions and six taxi associations are affiliated to NTUC.

In its pursuit of service excellence to better serve its members, UWEEI is the only trade union in Singapore to have undertaken to meet the requirements of the International Standardisation for Organisation (ISO) 9001:2000, an internationally recognised stamp of quality in service management. The Union has embarked on this journey of quality management system since 1995 to ensure consistency in its daily operations and processes as well as to provide members with quality customer service. More recently, the Union also adopted the *Kaizen* approach in instituting further improvements to its systems and processes.

Our Mission

We aspire to instill pride of membership in every UWEEI member through Strong Representation, Excellent Service, Quality of Worklife, and Responsible Unionism.

Our Commitment

Strong Representation

We hope to achieve strong majority representation in all our unionised branches. At the same time, we will expand our membership by recruiting potential members in the electronics and electrical industries to join UWEEI.

Excellent Service

We aspire to the culture of excellence by providing services of the highest quality to members both within and outside the work place.

Quality of Worklife

We endeavour to raise the quality of work life for our members by negotiating for better terms and conditions in the collective agreement, by encouraging management to improve the environment in the workplace, and by motivating management to provide for more job enrichment programmes in the scope of work.

Responsible Unionism

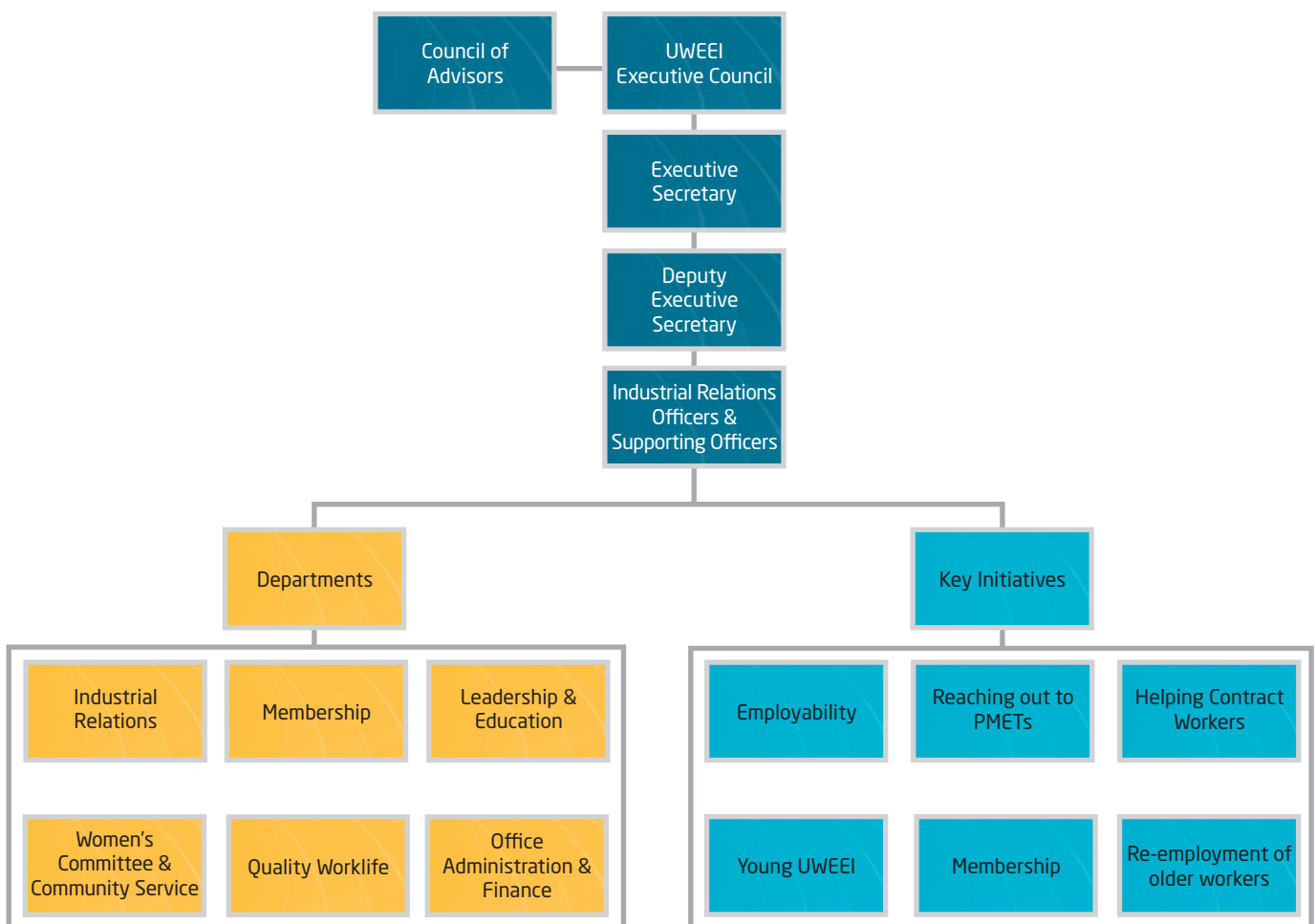
We will continue to contribute to national development by being an active partner of the tripartite team of labour, Government and management.

Organisation Structure

UWEEI serves its members through an Executive Council, which is elected through secret ballot at its General Convention of Delegates held once every four years. The delegates are union leaders nominated from the various branch committees. Every branch committee is elected by the union members in the company every four years during the Quadrennial General Meeting.

A Council of Advisors comprising persons appointed by Secretary-General of NTUC from among the Founder Members and Cadre Members of the Union provides advice to the Executive Council on general policy matters.

The day to day operations are run by staff of UWEEI, headed by the Executive Secretary and supported by the Deputy Executive Secretary, IROs and supporting staff. At the company level, IROs work closely with the company's elected branch committee and management partners on industrial relations and other relevant matters.



Programmes and Services

Worker Representation

The fundamental role of UWEEI is to protect and represent workers at the workplace in collective bargaining and grievances. Services provided by the Union include organisation of unions in companies, provision of benefits to members, and assistance in industrial relations matters. Over the years it has broadened its role to provide programmes and services for both employers and workers, such as the following:

Employability

To strive to ensure that workers in the electronics sector remain employable and are able to cope with changing technologies, UWEEI works closely with companies and e2i to build employees' capabilities and enhance productivity through training.

Re-employment Of Older Workers

With the re-employment legislation to be enacted in 2012, companies will be required to offer re-employment for those aged 62 and above. UWEEI actively helps companies to embark on re-employment of older workers programmes through various measures such as accessing grants and organising relevant workshops.

Reaching Out To Professionals, Managers, Executives and Technicians (PMETs)

By 2015, more than 55 per cent of Singaporeans will be PMETs. In order to remain relevant to the workforce, UWEEI actively reaches out to the PMETs in the electronics industry. Through various initiatives and programmes such as the Engineering Professional Community, employment rights seminar and law awareness programmes, UWEEI seeks to offer employment advice and provide a wide range of social and recreational benefits as well as training programmes to the PMETs in this sector.

Helping Contract Workers

Currently, it is estimated that there are more than 15,000 contract workers in the electronics sector. UWEEI collaborates with NTUC's Unit for Casual and Contract Workers (UCCW) to provide subsidised healthcare, social and recreational union benefits. With the large number of foreign workers in the industry, UWEEI also works with companies to send foreign workers to learn conversational English.

Providing Membership Benefits

In addition to workplace representation, UWEEI provides social and recreational benefits to its members, such as organising golf workshops, movie screenings, disco nights, make up workshops and overseas trips. UWEEI also provides various social assistance schemes to help its needy members and families, such as bursary as well as scholarship awards.

Labour-Management Relationship

UWEEI adopts a consultative non-confrontational approach to industrial relations. It seeks to represent, protect and advance workers' interests and contribute to sustainable and competitive growth of the company through a constructive bipartite relationship for mutual long term benefit. Beyond collective bargaining for terms and conditions at the workplace, UWEEI takes on a broader role to help improve the quality of life of workers and their families. Strategic partnerships and positive engagement at company level have built strong labour-management relations between UWEEI and its management partners.

Annex B

Tripartism In Singapore*

(*statement endorsed by the tripartite partners at the launch of the Singapore Tripartite Forum in 2007)

From Confrontation to Cooperation – Shaping Our Future Together

Industrial relations in Singapore were confrontational in the 1950s and early 1960s, with high unemployment, poor working conditions, and social unrest. Independence, thrust upon Singapore in 1965, created an historic turning point.

Faced with a dire economic situation and limited resources, industrialisation was imperative for our survival as a new nation. The crucial challenge was to attract and retain foreign investment to create jobs for Singaporeans, and to achieve sustainable growth and development.

Towards this end, trade unions affiliated to NTUC, supported the Government's call to move away from traditional adversarial unionism and confrontational labour-management relations, with a shared conviction to strive for industrial peace with justice. A new spirit of tripartism was thus born, with the Government, a responsible Labour Movement, and enlightened employers adopting a consultative problem-solving approach to address the challenges of industrialisation for the mutual benefit of employers, workers, and society.

Each social partner lived up to and delivered on its commitments. Employers established profitable and sustainable businesses. The economy grew. More job opportunities with higher skills and better pay for workers were created.

Looking forward, the shared vision of the Government, employers, and trade unions in Singapore is to achieve continued sustainable economic and social progress, and a better quality of life for all Singaporeans in an inclusive and cohesive society.

In this era of globalisation, intensifying competition, and constant change, the tripartite partners re-affirm the following shared beliefs and core values in the synergistic relationship to meet the challenges ahead and shape our future together.

i Shared Responsibility

For sustainable economic and social progress:

- the Government must promote a conducive environment for the economy to grow
- businesses must be competitive in order to create wealth
- workers must be employable and productive.

The tripartite partners are committed to working together, as our shared responsibility, to reach consensus on necessary actions to:

- Attract and retain investments through progressive policies, enabling legislation, and harmonious industrial relations facilitated by the Government
- Strengthen business competitiveness and productivity to enhance profitability and create higher value-added and better paying jobs
- Promote continuous learning, skills upgrading, and adaptability among workers to strengthen their employability, capabilities, earning capacity, and better quality of life.

Towards this end, we will continue to formulate and review key economic and social policies, legislation, and guidelines on employment and industrial relations issues in tripartite institutions such as the National Wages Council, and ad hoc tripartite committees and advisory panels.

ii Common Understanding

We will provide more platforms for information-sharing, ongoing communication, and regular dialogues, to deepen common understanding of the increasingly complex and diverse challenges confronting workers and their families, employers, and our national interests.

iii Mutual Trust and Respect

Mutual trust and respect must be fostered, for frank exchange of views and genuine consensus in our strategic direction and response to challenges, through regular interaction and confidence in the mutual benefit of working together gained through experience over time.

iv Mutual Benefit

Employer representatives and union leaders must be able to garner support for their decisions and actions. The benefits must be seen and understood by both workers and management. Ultimately, policies and programmes formulated through our tripartite partnership must be effectively implemented, balancing the needs and expectations of all stakeholders.

v Leadership

Robust tripartite and bipartite relations which we have established over the years cannot be taken for granted. Relationships must be strengthened, deepened, and broadened, with each generation of leaders upholding the core tripartite values and principles embodied in the Singapore Code of Industrial Relations Practices (refer to appendix).

Tripartism will derive greater synergy by engaging more leaders and other partners at the national, industry and company levels, as well as in the wider community, to shape our future together and contribute to achieving our shared vision of a better life for all.

Appendix

Code of Industrial Relations Practice

Objective

To foster a partnership between management and unions/employees, harnessing the efforts of both to:

- (i) develop a motivated and productive workforce to achieve business excellence
- (ii) realise employees' full potential to enable them to earn higher incomes and live a better life.

And to contribute towards a harmonious workplace environment, strengthen tripartite collaboration and enhance Singapore's overall competitiveness for economic growth.

Code of Practice

Management and unions are committed to working together to meet new challenges, resolve differences and seize opportunities in a rapidly changing business environment. Towards this objective, we shall observe this Code of practice:

Collaboration, Not Confrontation

Regard each other as partners to build lasting relationships. Adopt a consultative approach in resolving issues through dialogues, taking into consideration the needs and concerns of both parties.

Leadership And Mandate

Provide leadership and direction in the overall interest of all parties. Lead by example and take responsibility. Ensure that representatives have the necessary mandate to negotiate and commit to agreements reached.

Mutual Trust And Respect, Understanding And Integrity

Foster close relations based on trust, respect and understanding. Conduct dealings with integrity, honesty and in good faith.

Sharing Of Information

Share information and engage in dialogues with openness and transparency to promote trust, assist in decision-making and facilitate dispute resolution.

Professionalism

Conduct industrial relations professionally and competently based on sound business and economic principles and understanding of human relations. Work together to resolve issues fairly, effectively and expeditiously. Seek mediation where necessary. Establish an effective procedure to resolve grievances.

Mutuality of Purpose

Identify common objectives, build a shared vision and formulate win-win solutions. Meet challenges and seize opportunities together for mutual benefit. Place long-term goals above short-term gains and wider interests above sectional interests.

