



Disputes Resolved When Employers, Employees Participate In Mediation



By
Cham Hui Fong
NTUC Competency Director
(Industrial Relations)

The Singapore Industrial Relations Act was amended in July 2002 to allow rank-and-file unions to represent executive employees in disputes concerning unfair dismissal, retrenchment benefits and breach of individual contracts. Since then, many unions have proactively engaged their managements to extend the scope of representation to include the executive employees for such limited representation.

With strong tripartism and the good industrial relations that the unions have established with the employers, most employment issues involving rank-and-file workers or executive employees have been resolved at the company level.

2009 was a challenging year for Singapore. Despite that, we managed to work closely with the tripartite partners to cut costs, and save as many jobs as we could.

In the same spirit of upholding tripartism, the tripartite partners worked closely to propose a tripartite employment dispute resolution process for the Professionals, Managers and Executives, paying more attention to this growing pool of workforce in their employment issues.

The Employment Act was amended in 2009 to allow executives and managers earning up to \$2,500 to seek adjudication at Ministry of Manpower for salary claims. This proposed amendment for PMEs will raise the ceiling to \$4,500. Importantly, the proposed tripartite mediation session to resolve salary disputes, breach of contracts and retrenchment benefits will be a cost effective and speedier platform for executive general

branch union members an avenue to address their issues without pursuing civil claims. Employers similarly can benefit from this process with lesser disruption to their operations and a more amicable way to resolve disputes.

As the mediation will be a tripartite platform, factors such as industry norm and practices will be taken into consideration instead of applying a legalistic view on the issue. Hence, the mediation will tap on values and experience of the industrial relations practitioners whose good faith and good sense must prevail.

The General Branch Unit of the NTUC Industrial Relations Department handled a total of 454 employment dispute cases in 2009 involving General Branch members, compared to 367 cases in 2008. Cases involving PMEs increased from 21 per cent in 2008 to 43 per cent in 2009. Unfair dismissal, salary claims and retrenchment formed more than half of the disputes.

While we managed to resolve some of these issues after speaking to the management, many others were referred to the Ministry of Manpower Executive Mediation Unit which currently, attendance is not compulsory for the employers. Our experience shows that mediation where employers and employees come together to proactively resolve the issues get better chances of reaching an agreement or a compromise.

With the proposed mandatory attendance for mediation and with good faith and good sense in upholding workplace harmony, we are confident that the proposed model will serve us well, and it will be a win-win for both employees and employers.

NTUC Media Co-operative Limited

Chairman

Noel Hon Chia Chun
noel.hon@e-cop.net

Chief Executive Officer

Seng Han Thong
senght@ntuc.org.sg

Managing Director

Shona Tan-James
shonatan@ntuc.org.sg

Chief Operating Officer

Alvin Wong Pek Kin
alvinwong@ntucmedia.org.sg

The NTUC This Week Team

Managing Editor

Shirley Tan-Oehler
shirleyo@ntucmedia.org.sg

Correspondent

Marcus Lin
marcuslin@ntucmedia.org.sg

Senior Journalist

Nicolette Yeo
nicoletteyeo@ntucmedia.org.sg

Journalists

Naseema Banu Maideen
naseema@ntucmedia.org.sg

Vanessa Teo
vanessateo@ntucmedia.org.sg

Muneerah Bee Mohamed Iqbal
muneerah@ntucmedia.org.sg

Art Director

Edmund Seah
edmundseah@ntucmedia.org.sg

Executive Designer

Mohamed Nasuhar Soeyoeti
soeyoeti@ntucmedia.org.sg

Executive Editor (Chinese Section)

Ho Seo Teck
host@ntucmedia.org.sg

Journalist (Chinese Section)

Wong Teck Tian
wongtt@ntucmedia.org.sg

Senior Executive Designer (Chinese Section)

Charles Chong
charleschong@ntucmedia.org.sg

Resident Photographer

Alvin Toh

Sales

Joseph Loh
josephloh@ntucmedia.org.sg

Jimmy Lim
jimmylim@ntucmedia.org.sg

Mike Chew
mikechew@ntucmedia.org.sg

Chris Seng
chrisseng@ntucmedia.org.sg

Anabel Lim
anabellim@ntucmedia.org.sg

Sam Gan
samgan@ntucmedia.org.sg

Joy Cheng
joycheng@ntucmedia.org.sg

Marketing & Events

Audrey Liu Jiaying
audreyliu@ntucmedia.org.sg

Jolynn Ang Shu Qin
jolynnang@ntucmedia.org.sg

Subscription

Jenny Liu
liuam@ntucmedia.org.sg

Publisher

NTUC Media Co-operative Limited
Address 1 Marina Boulevard #14-01

NTUC Centre Singapore 018989

Phone 62360555 Fax 65381068

Printer Times Printers, Singapore

The NTUC Family Directory

NTUC Switchboard 62138000

Customer Centre 62138008

Business Centre 62138811

bizcentre@ntuc.org.sg

Care & Share 62138201

Social Enterprises

Club 65829876 (Chalet Reservation)

65891666 (Banquet Sales)

Choice Homes 62138822

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Don't Let Minimum Wage Become Maximum Wage

By **Marcus Lin**

With all the buzz generated by Manpower Minister Gan Kim Yong's announcement of a proposed employment dispute resolution process for Professionals, Managers and Executives earning up to \$4,500 at the Singapore Tripartism Forum on 26 January 2010, NTUC Secretary-General Lim Swee Say felt obliged to get the conference back on track.

When one question after another centred on the permutations of the proposal, he turned it round to the laughter of participants: "So far the questions are all about this new proposed dispute resolution mechanism. Just a timely reminder that the theme of this forum is about managing manpower challenges... The dispute resolution mechanism will not make us 'future-ready' as there are many other challenges."

Responding to a suggestion, SG Lim said the imposition of a minimum wage in certain sectors cannot solve the problems of low-wage workers: "If you look at these countries, not too many have succeeded because very often minimum wage turns into maximum wage. Once you impose a minimum wage and if it is higher than what the productivity can command, as far as employers are concerned they are overpaying the workers."

"But they have no choice but to overpay the workers because under the law there is a minimum wage. So they pay the minimum wage but they are

not happy because they feel they are overpaying as the minimum wage is set too high. They want the workers to work harder to justify the minimum wage. But the workers say: 'The reason we are paid the minimum wage is because the law requires you to do so. Why should we work harder?'

"So they are caught in this situation whereby they cannot get workers to produce more and because the workers are not willing or able to produce more the wages cannot go beyond the minimum wage. As a result the minimum wage becomes the maximum wage, and they are caught in a lose-lose situation."

He pointed out that in Singapore as far as the tripartite partners are concerned productivity is the best way to drive wages and not because the law dictates.

Referring to recent comments by Prime Minister Lee Hsien Loong and Senior Minister Goh Chok Tong on the upcoming recommendations of the Economic Strategies Committee, SG Lim said "the clear signal is that productivity will be one of the key drivers in Singapore's future economy. From the tripartite and Labour Movement point of view, we welcome that because if we can pay greater attention to improve productivity every one per cent increase in productivity will open up more scope for wages to go up without eroding the competitiveness of businesses. Productivity-driven wages can be win-win for both parties."

Cautioning against underestimating the challenges being faced that will require 100 per cent effort from everyone, SG Lim added: "I hope tripartite partners bear in mind that, yes, dispute resolution is important but it is a small part of the solution for the future."

"The key thrust of the solutions for the future really is not about imposing minimum wage because it will set us back. The only way to bring us forward towards a more competitive economy and more inclusive workforce is for us to work together to focus on this productivity issue."