

The Impact of Singapore's SkillsFuture Credit on Training Participation

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Abstract

The proportion of short and non-standard contract jobs has risen over the years and workers are frequently moving in and out of work, facing a more fragmented career than before. These trends have raised concerns on the training participation of workers in these jobs as they are less likely to train than workers in permanent jobs. This is against a backdrop where many economies are undergoing structural changes with an increase in the share of high skilled jobs which requires workers reskill and upskill constantly. As such, there has been a renewed interest in the provision and use of Individual Learning Accounts (ILAs) among policymakers to raise training participation rates, given that ILAs provide workers with autonomy, allowing them to take ownership of their skills development. This paper investigates the impact of Singapore's SkillsFuture Credit (SFC), which is a form of ILA, on the training participation of workers with short or non-standard contracts, using a quantitative study which collects job related and training data in Singapore (n=4,333). Findings have shown a higher proportion of workers on contracts have utilised the SFC for work-related training compared to workers in permanent job, providing evidence that the SFC has indeed encouraged such workers to take up training. Further analysis is also being conducted to explore training and workers' career progression as well as participation in future training.

Keywords: Adult Training Participation, Contract Workers, Individual Learning Accounts, SkillsFuture Credit

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Introduction

There has been a significant increase in short and non-standard contract jobs and workers working as independent contractors, freelancers, and gig workers over the last decade. In May and November 2022, employers had posted 26% more contract openings than in the same period of the previous year (Rogers, 2022). In addition, it is estimated that 36% of US workers are part of the gig economy, a significant increase from 2005 where only 10% of the US workforce was part of the gig economy (TeamStage, 2023).

One of the main factors driving this trend is the rise of technology platforms that make it easier to match people with gigs and businesses with independent contractors (Gibbons, 2022).

Another driver leading to more contract and gig work is the desire for more flexibility and autonomy in work arrangements (Reisinger & Fetterer, 2021). Many employees are seeking to have more control over when they work, and to have the ability to work from anywhere in the world. With platforms like Uber, Lyft, TaskRabbit, and Upwork, people can find work on a flexible basis, without having to commit to a traditional 9-to-5 schedule.

At the same time, many companies are moving towards short-term contracts which allow these companies to reduce cost by avoiding the expenses associated with hiring full-time employees, such as salaries, benefits, and taxes (Hays, 2023). This is particularly attractive to companies that have fluctuating workloads or seasonal needs.

However, contract and gig work also have their downsides. Many workers with short or non-standard contracts lack benefits and protections that traditional employees enjoy, such as health insurance, paid time off, and retirement benefits (Towers-Clark, 2019). It is also known that contract and gig workers may face challenges in participating in training due to their temporary employment status. Employers may be unwilling to invest in training given that the worker is only expected to be with the company for a short period (Jonker & Grip, 1999). Such workers may not have access to the same training opportunities as permanent employees, and this is reflected in the findings shown in Table 3 in the “Results” section.

The lack of training and training opportunities are of concerns to many policymakers. This is because training participation is essential to employees as many economies are undergoing structural changes with an increase in the share of high skilled jobs. At such, workers need to learn new skills and knowledge that can allow them to remain relevant and to enhance their employability. This leads to a renewed interest in the individual learning accounts which can make the rights to training “transferable” from one job or employment status to another (OECD, 2019).

The SkillsFuture Credit (SFC) Scheme

Singapore launches the SkillsFuture movement in 2015, delivering a range of initiatives to develop the skills and mastery needed to adapt to a rapid changing global economy. Among all the SkillsFuture initiatives, the SFC, which is similar to an individual learning account, is the one scheme known by almost all Singaporeans. The aim of the SFC is for individual to take ownership of their skills development and lifelong learning (SkillsFuture Singapore, 2022). Under this initiative, an initial opening credit of SGD\$500 was given to all Singaporeans aged 25 and above. Individuals are given the autonomy to decide how the

credits should be used and when to use it. The credits have no expiry and can be used together with existing Government course subsidies for a wide range of approved work skills-related courses, making the training even more affordable. A top-up of SGD\$500 was given at the end of 2020 with an additional SGD\$500 credit given to workers between the age of 40 to 60.

With the above as backdrop, this paper aims to investigate the impact of Singapore's SFC on the training participation of workers with short or non-standard contracts and more specifically answering the following research questions:

- Are short-term and non-standard contract, casual, and independent workers more likely to make use of SFC?
- Would the workers have taken up the training even without the SFC?
- How relevant are the training to the career development of the workers?

Methods and Data Source

The Skills and Learning Study: Background and Design

The data described in this paper is obtained from part of the Skills and Learning Study, a large-scale nationwide survey conducted by the Institute for Adult Learning, Singapore.

The Skills and Learning Study is in its third iteration of a nation-wide skills utilisation study that collects quantitative data on skills utilisation, job quality and lifelong learning in Singapore. The study aims to measure and track skills utilisation over time, as well as to analyse organisational factors that influence the demand for skills utilisation. As part of the study, other demographic, occupational and training information of the participants, used of the SFC were also collected.

The Skills and Learning Study has collected a representative sample of 5,996 Singapore residents, aged 20 to 70 years old, selected using simple random sampling from the national population. Data collection is conducted over a period of ten months, from Oct 2021 to August 2022 and attaining a response rate of over 60%. The respondents are put through a one-and-a-half-hour survey interview, conducted face-to-face by trained interviewers.

For this paper, only respondents aged 25 and above and in labour force would be used in the analysis.

Measurement and Scale

Different Types of Employment Contract

A series of questions were asked to identify whether the respondents were in the labour force and the type of employment contract at the point of the interview. Through the survey questions, working respondents indicated as either self-employed or an employee as well as their contract relationship with their employers. Table 1 below presents the different types of employment contracts.

Table 1: Different types of employment contract

No.	Types of employment contract	Definition
Open-end & fixed term contracts		
1	Permanent employees	Employees with indefinite or permanent contracts
2	Longer term contracts	Contracts of length 2 years or longer
3	Short term contracts	Contracts of length less than 2 years
4	Casual work	Casual work with no contract or verbal contract
Self-employed		
5	Own account workers	Freelancer on contract for service, gig workers etc.
6	Self-employed (with employees)	Employers with employee(s)

Used of the SkillsFuture Credit

The SFC top-up of \$500 was on 31 December 2020 and since the survey started at the fourth quarter of 2021, we attempted to capture the use of the SFC by asking:

- Has any of your training or learning that happened in the last 12 months been funded or partially funded by SkillsFuture Credit? (Yes / No)

Deadweight Loss of Subsidies

The deadweight loss effect attempts to measure the cost of the training subsidies given that the training courses would have been participated by the employees even in the absence of the training subsidies.

- Would you have participated in the training even without the SkillsFuture Credit? (Yes / No)

Career Development

Finally, we investigate if the training taken using SFC was related to the workers career development.

- To what extent is the training subsidized by SkillsFuture Credit relevant to your career development? (Not at all / A great deal)

Results

Work- Related Training Participation

First, we look at the work- related training participation rate of workers by the different kind of employment contract. From Table 2 below, both permanent employees and workers on longer- term contracts have training participation rate of over 70% in the last 12 months at the point of their interview. Casual workers had the lowest training participation rate at 33.3% while those on short term contracts has a training participate rate of 63.4% which is higher than the participation rate of self-employed (47.7%) and own account workers (42.8%).

Employer Support

Next, we look at the level of support the workers received from their employers. Table 3 shows a higher proportion of permanent employees and workers with longer term contract reporting adequate support from their employers (over 70%) and we have also observed a higher proportion of such workers getting funded by their employers for training (over 60%). In contrast, only 64.8% of workers with short-term contract reported that they have received adequate support from their employers and less than 50% have been funded by their employers.

The above findings highlighted that casual workers and own account workers were less likely to participate in work-related training. For workers on short term contracts, they received significantly lesser employers' support and a smaller proportion participated in training that was funded by their employers. For workers on casual work, the proportion is lower with only 38.5% reporting that they received adequate support and 32% received funding for training.

Table 2: Work-related training participation by different kind of contract

Kind of employment contract	Participated in work-related training (%)
Permanent employees	70.8
Longer term contracts	72.4
Short term contracts	63.4
Casual work	33.3
Self-employed (with employees)	47.7
Own account workers	42.8

Table 3: Support from employers

Types of employment contract	Your employer provides adequate opportunities for you to pursue work related training? (%)	The training or learning that happened in the last 12 months been funded or partially funded by Employer? (%)
Permanent employees	76.7	63.1
Longer term contracts	77.6	61.0
Short term contracts	64.8	47.8
Casual work	38.5	32.0

Utilization of SkillsFuture Credit

Next, we employed a logistic regression model to examine the relationship between utilizing the SFC by the different kind of employment contract. The dependent variable is the used of SFC for training where "1" represents SFC has been used while "0" represents SFC has not been utilized. The explanatory variable is the different kind of employment contract, and the controls include establishment size, gender, age, and occupations.

It is noted that the pseudo R square is relatively small at 0.02, however, the main aim of this regression analysis is to explain the relationship between type of employment contracts and the outcome variable, which is the utilization of SFC and not to predict the outcome variable, therefore, the pseudo R square value is not crucial (Moksony, 1999).

The results from the logistic regression show that workers on short-term contracts are almost 2 times more likely to utilize the SFC than permanent workers while workers on longer term contract are 1.74 times more likely. However, we did not observe significant different in the used of SFC between permanent employees, casual workers, own account workers and the self-employed.

Table 4: Logistic regression model on utilization of SFC

	Odd ratio
Employment contract	
Reference: Permanent employees	
Short term contract	1.97***
Longer term contract	1.74***
Casual workers	0.82
Own account workers	1.00
Self- employed with employees	1.12
n= 4,333	
Pseudo R sq.= 0.02	
The analysis controls for age, gender occupation, firm size	
***p< 0.05	

Deadweight Loss

From table 5, we observed that more than 50% of the workers with short- term contract and casual workers would not have gone for the training if the training were not subsidized by SFC. This has provided some evidence that individual learning accounts, like the SFC, have indeed, encourage contract workers to take up training. However, it is crucial that the training attended is relevant and can help the workers with their career.

Table 5: Deadweight loss of the SkillsFuture Credit

Types of employment contract	Would have participated in the training even without the SkillsFuture Credit (%)
Permanent employees	57.3
Longer term contracts	55.2
Short term contracts	45.6
Casual work	45.5
Self- employed (with employees)	72.4
Own account workers	52.5

Career Development Relevance

Table 6 below shows that less than 60% of the contract workers reported that the training subsidized by the SFC are relevant to their career development. In contrast, the proportion is higher for permanent employees at 70.8%. Similarly, for the self- employed and own account workers, the career development relevance of their training is high at 68.8% and 77.8% respectively.

Table 6: Career development relevance

Types of employment contract	The training subsidized by SFC is relevant to my career development (%)
Permanent employees	70.3
Longer term contracts	50.0
Short term contracts	57.5
Casual work	57.7
Self- employed (with employees)	68.8
Own account workers	77.8

Discussion and Conclusion

The findings have provided evidence that ILA like the SkillsFuture Credit is more likely to be made use by contract workers for participation in work-related training, compared to the permanent employees. In addition, the deadweight loss for the workers with short-term contract is relatively lower than the permanent employees. In other words, a higher proportion of workers with short-term contract, compared to permanent employees, would not have participated in training if the SFC was not available. However, it is observed that a higher proportion of contract workers, compared to permanent workers, reported little career development relevance for the training that they had attended using the SFC. This shows that other than the SFC, more support is necessary to ensure that workers truly benefited from the training. Some of the support may include:

Creating Awareness

It is important for workers to come to realization that they need to learn continuously to remain relevant and employable, they need to constantly upskill and reskill. It is also vital for workers to be updated of the evolving industry that they are in and to be able to seek out related training that would help them to upgrade and stay relevant.

Skills Assessments

It may be useful if skills assessments can be offered or accessible to contract workers to help them identify their strength and weaknesses, and to determine the types of training they need to improve their skills. Together with the skills assessment, professional guidance is necessary to advise the workers on career choices.

Training Programs Designed for Contract Workers

Other than the provision of financial support via SFC, offering training programs which can help contract workers develop the skills and knowledge they need to perform their jobs more effectively, and increase their chances of finding new work. These programs can be co-developed with employers to ensure industry relevance, and that contract workers have access to the skills and knowledge they need to perform in their jobs.

What is the Right Amount?

It may be worthwhile to investigate what is the right amount to be provided by the SFC. The initial \$500 provided was sufficient for a worker to enroll in a course with no payment required or a reasonably low course fee. The main objective of lifelong learning is continuous learning and thus, how to we ensure that workers, if without the support of their employers, can still continuously participate in training with no concern over course fees.

In conclusion, the SFC provides the initial support for contract workers to participate in training, however, this needs to be accompanied by a range of support programs so that contract workers can maximize the benefits from the training and to develop the skills required to remain relevant and advance in the career. On the other hand, targeted help may be necessary for casual workers and own account workers to increase their training participation.

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