

# manufacturing and supply chain market update.

randstad singapore  
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For the first time in modern manufacturing history, demand, supply and workforce availability are affected globally at the same time for the same reason. In Singapore, [manufacturing output decreased by 16.5% in May 2020](#), adding to a grim economic outlook for the regional trading hub.

Companies that deliver essential goods like food and personal care products are struggling to meet global customer demands, while others such as [transport engineering and general manufacturing have reported sharp drops in outputs](#) and are facing extreme pressure to cut operating costs.

# no secret that companies are employing cost-cutting measures.

While multinational companies may have already set up their network and business continuity plans to tide over this difficult period, smaller producers who were less prepared were experiencing greater disruptions with regards to their manufacturing operations and supply chains due to market uncertainties. Furthermore, some manufacturing firms that have to halt their operations during the circuit breaker may find it difficult to regain their activities to the pre-pandemic levels. As a result, manufacturing and supply chain companies have to implement steep cost-cutting strategies such as headcount freezes and layoffs in response to the challenging environment.

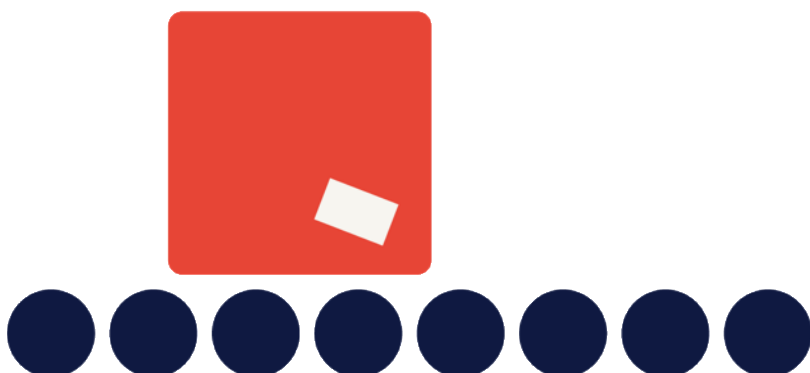
With global containment measures and some countries reporting second and third waves of COVID-19 after relaxing community measures, the manufacturing industries are now experiencing renewed disruptions across their supply chains - particularly in the areas of parts and raw materials. This disruption is more profoundly felt in sectors that rely on complex supply chains from a limited set of suppliers in other countries.

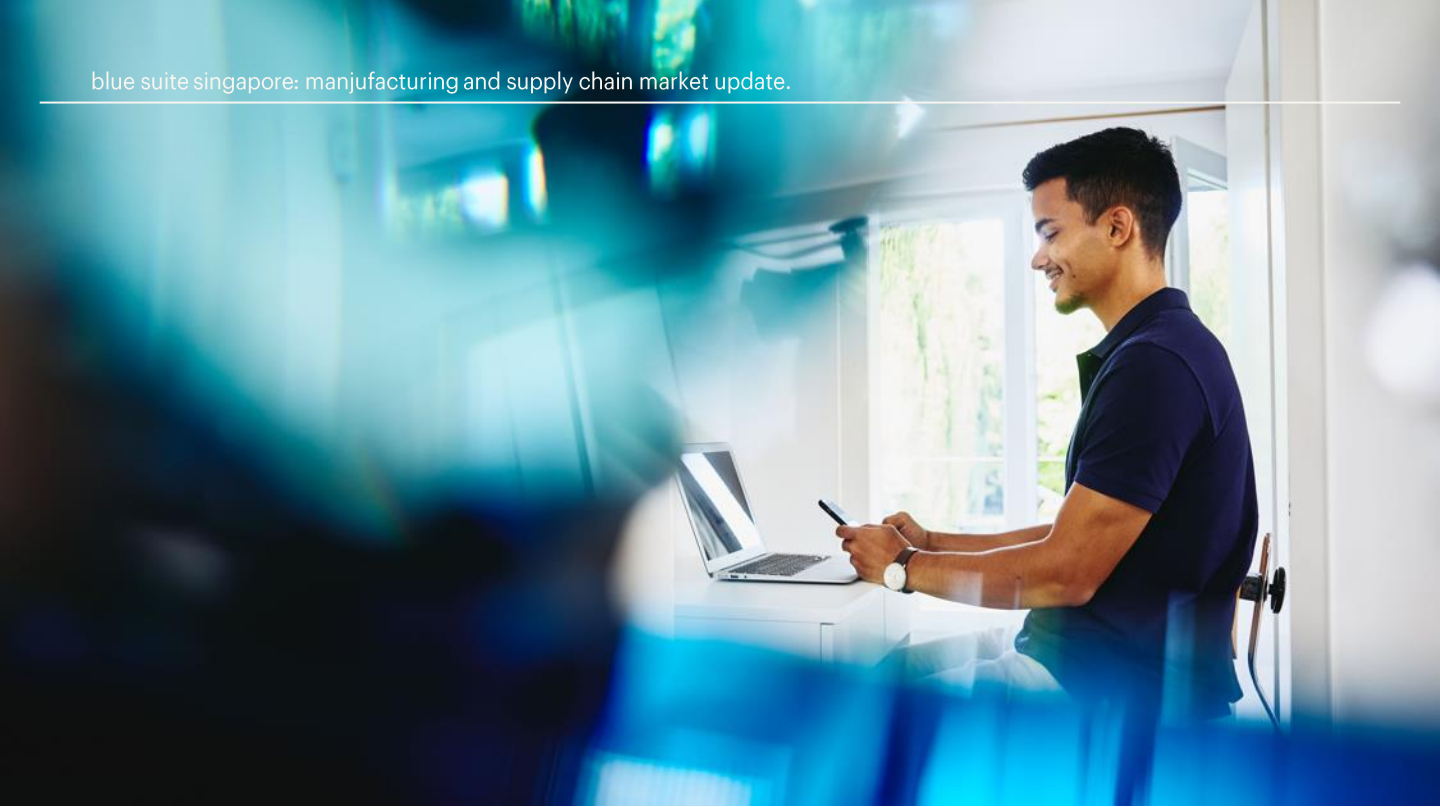
Even when organisations are not impacted by COVID-19, many find themselves unable to fulfill orders on time or at all during this crisis, as safe distancing and workforce measures have severely limited the company's capacity to produce and deliver. Businesses are hence employing a wait-and-see approach, at least till international trades resume.

Despite being eligible for government grants and financial assistance, many companies are still looking at ways to shave overheads and variable costs to tide through the current pandemic. The decision to implement more extreme measures is expected in quarter four of 2020, as the government gradually weans companies off COVID-19 support measures and subsidies.

The [Randstad Singapore's COVID-19 Labour Pulse Study](#) conducted in July 2020 has found that 15% of respondents have been retrenched and 31% have had salary cuts or freezes as a result of the pandemic.

Though COVID-19 has proved that digitisation and access to reliable, real-time data is an absolute necessity, many are unable to bear the excessive cost to automate. Instead, companies are more focussed on staying open for business rather than incur more costs in digital transformation.





## a change in the talent landscape.

Needless to say, many employers have reduced their headcount budget or froze hiring activities due to the declining and uncertain market conditions.

Those hiring reported challenges expanding their workforce to meet orders, largely due to more stringent border control measures and the increasing costs of hiring a foreigner. The talent pool is also further limited as employees are less inclined to change jobs during these trying times.

Companies that are hiring are also sourcing from the local talent pool to take advantage of government grants and schemes. For example, employers may want to hire a mid-career switcher or a lesser qualified candidate who has transferable skills and reskill them in the process. Although economic conditions are less than favourable, companies are doing everything they can to offer a salary comparable to market benchmarks, so that good talent can still receive a fair compensation for their skills and experience.

With more candidates than job vacancies, it is expected that the interview process will take longer than before as employers need more time to review the increased number of applications. Candidates should practise more patience, as it might take 4 to 6 more weeks to complete the interview process.

If finding high performing leaders and talent remains a key challenge for you, contact us to find out more about our specialist talent recruitment and management services in the manufacturing and supply chain sector.



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With six years' recruitment experience, Yit Wei is responsible for managing the supply chain and manufacturing specialist recruitment team, as well as recruiting professional contractors in these disciplines across all seniority levels. One of the high-performers in Randstad, Yit Wei has a strong track record in helping clients in outward-services industries find highly-skilled talent for various managerial and specialist roles.