

December 5, 2017 [Features](#) By [Singapore Management University](#)

The Face Of Future Employment

As more elderly Singaporeans face the prospect of working well into their sixties, the gig economy may become an important avenue of employment.



AsianScientist (Dec. 5, 2017) – By Rebecca Tan – What would you do if you no longer had to work? Some people might opt to take a month or two to see the world, while others might use the extra time to indulge in long-neglected hobbies. As enjoyable as these activities may be, could you imagine yourself doing nothing else for five, ten or even 20 years?

In 1980, the average Singaporean could expect to live about another 15 years after reaching the age of 65. Thanks to advancements in healthcare, women today have an additional seven years, while men have six more years. This means that most of us now

face more than two decades of life after the official retirement age of 62.

“That’s good news in many ways,” said Professor Susann Rohwedder, a visiting professor of economics and senior research fellow at the Centre for Research on the Economics of Ageing (CREA) at the Singapore Management University (SMU). “But somebody needs to pay for the consumption incurred during that extended post-retirement period.”

Working beyond the retirement age

Aware of these demographic changes, many Singaporeans have elected to work well past retirement age, according to data from the Singapore Life Panel® (SLP), a monthly survey of more than 8,000 Singaporeans between the ages of 50 and 70. At a roundtable on labour held on 27 October, CREA researchers revealed that 17 percent of male and 7 percent of female survey participants aged 70 were still working full-time. This relatively high labour market participation rate among the elderly looks set to increase further, said Professor Rohwedder, who is also a senior economist at the RAND Corporation and associate director of the RAND Center for the Study of Aging. To get a sense of what the workforce of the future might look like, the SLP scientists asked the younger cohorts (aged 55 to 59) about their expectations of working at age 62, 65 and 70, and compared their answers with the current levels of labour market participation at those ages. They found that while 17 percent of men and 7 percent of women currently aged 70 are working full-time, 27 percent of men and 19 percent of women aged between 55 and 59 today expect to still be working full-time when they turn 70.

“One useful feature of studying expectations in this way is that it is inherently forward-looking, giving us a little peek into the future,” Professor Rohwedder added. “The reason expectations often match actual outcomes very closely is that people have personal insight about themselves—like their health, family history and job arrangements—that they can express through the subjective probability of working past a certain age.”

The challenge of finding work

While it is clear that more people intend to continue working into their sixties and even their seventies, there may not be enough jobs for them. The unemployment rate among the SLP survey participants is about 7 percent, more than three times higher than the national average of about 2 percent.

“One thing that we can do in the SLP that cannot be done in cross-sectional surveys is that we can find out how many people have been unemployed during the study period,” said Professor Michael Hurd, director of the RAND Center for the Study of Aging and a visiting professor at CREA.

“That’s a very different concept from asking what the unemployment rate is at any particular time, which reflects the fraction of people that are unemployed at a given moment. Instead, by following individuals over time, we were able to show that 11 percent were unemployed at some point during the two-year study period, compared to 7 percent in any given month,” he said.

Professor Hurd also found that younger females with low education levels were hit the hardest by unemployment, with 21 percent of them experiencing unemployment during a two-year period of the study.

“At that rate, you can imagine that over a lifetime, many of them would be unemployed, with serious consequences on their economic status and well-being,” he added.

In fact, Professor Hurd found that being unemployed for nine months or more led to a drop in life satisfaction that was as great as the difference between being in the top and bottom wealth quartiles, two groups that are separated “very substantially by wealth conditions”.

The SLP data also quantified how unemployment affected spending patterns, showing that it is followed by a large drop in spending and, worryingly, a 60 percent decline in spending on healthcare.

“If reduced spending leads to a deterioration in health, that’s an additional negative consequence of unemployment,” Professor Hurd cautioned.

Turning to the gig economy

In a pilot survey focused on participation in the gig economy—an example of which is finding work on online platforms such as Uber and Grab—Assistant Professor Kim Seonghoon of SMU’s School of Economics found that such jobs might be one way to mitigate the experience of being unemployed.

Although only 1.2 percent of the survey’s female respondents and 3.1 percent of the males reported ever having worked or currently working in the gig economy, 40 percent of the gig freelancers work 35 hours a week or more, enough to qualify as a full-timer.

“On average, they earn S\$612 per week, but the 90th percentile makes about S\$1,250 per week. We calculated that income from the gig economy forms about 15.5 percent of the total labour income, not an insignificant amount,” Professor Kim said.

Given that gig freelancers have had more unemployment experience at 24.6 percent, as compared to that of non-gig economy participants at 15.4 percent, the gig economy could be providing a mechanism to reduce the temporary negative impacts of unemployment on income, he added.

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