

# Transiting to the New Normal – Evidence and Insights to Address COVID-19 and Post-COVID-19 Challenges

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## Breakout Session 2:

### How Can We Transform Our Economic Sectors and Workers to Succeed in the Post-COVID-19 Era?

By Mr Cameron Knott, Mr Kevin Tan, Ms Jeannie Lim and Mr Edwin Liok

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#### TRANSITING TO THE NEW NORMAL: EVIDENCE AND INSIGHTS TO ADDRESS COVID-19 AND POST-COVID-19 CHALLENGES by MR CAMERON KNOTT

Mr Knott highlighted three economic challenges and possible interventions (based on results of Randomised Controlled Trials (RCTs)), as countries transit to the new normal.

#### **Economic Challenge 1: Workers struggle to overcome career gaps**

- Many workers have exited the labour market because of the COVID-19 pandemic. When these workers apply for new employment, they are at a disadvantage because employers prefer job applicants with no gaps in their career history. With the aim of increasing the number of callbacks from employers, BIT tested different ways to frame the career gap in the UK:
  1. Career gap without any explanation (control group);
  2. No career gap for workers with none;
  3. Career gap with explanation (i.e. child raising); and
  4. Replaced dates of employment history with the number of years' experience.
- The fourth group received the highest call-backs.<sup>1</sup> Reframing career gaps by replacing it with years of experience can help the labour market recover post-COVID-19.

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<sup>1</sup> Nicks, Leonie, Hannah Burd, Tim Hardy, and Vivek Roy-Chowdhury. "Facilitating Return to the Labour Market with a Novel CV Format Intervention." The Behavioural Insights Team, June 4, 2021. <https://www.bi.team/publications/facilitating-return-to-the-labour-market-with-a-novel-cv-format-intervention/>.

## Economic Challenge 2: Employers don't offer flexible working

- Although eight out of ten workers in Singapore prefer flexible working arrangements,<sup>2</sup> only one in three openings for jobs in 2020 could be done remotely.<sup>3</sup> Moreover, some companies might not explicitly advertise flexible working arrangement on job portals even if they offer it because this is not the default arrangement.
- The BIT tested the following two conditions in an RCT to encourage employers to offer flexible working when posting a job advertisement on a global job site:
  1. no prompt (i.e. the control group since this is how employers usually post jobs); and
  2. prompt asking employers to consider advertising flexible working options.
- The prompt was more effective in increasing the share of flexible roles advertised.<sup>4</sup> Employers exposed to the prompt also benefited because they received more job applications.<sup>5</sup> Given that flexible working arrangements remain important to workers even post-COVID-19, it is important to prompt employers to advertise flexible working roles.

## Economic Challenge 3: Citizens don't understand economic policy

- For business owners and consumers to make better decisions, they need to understand economic policies. A pertinent question to governments is how they can communicate policies accessibly to instil more confidence in the economy. The BIT and the Bank of England tested different ways to communicate economic policies:
  1. Traditional summary with a lot of text and use of technical language (i.e. the control)
  2. Visual summary using simpler language and visuals
  3. Shortened text summary using visuals
  4. Relatable summary, which includes the shortened text and visual summary, and explains how the changes affects and applies to the reader.
- Even though all four interventions resulted in improved comprehension, the relatable summary intervention was the most effective.<sup>6</sup> To build confidence in the economy post-COVID-19, governments need to explain economic policies clearly by making it relatable to the public.

## [Link to slides](#)

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<sup>2</sup> Lai, Linette. "8 In 10 in Singapore Want to Work from Home or Have More Flexibility." *The Straits Times*, October 12, 2020. <https://www.straitstimes.com/singapore/8-in-10-in-singapore-want-to-work-from-home-or-have-more-flexibility>.

<sup>3</sup> Yang, Calvin, and Sue-Ann Tan. "A Third of Job Openings in 2020 Was for Remote Work; about Half Were Newly Created Positions: MOM Report." *The Straits Times*, October 9, 2021. <https://www.straitstimes.com/singapore/jobs/a-third-of-job-openings-in-2020-was-for-remote-work-about-half-were-newly-created>.

<sup>4</sup> Londakova, Kristina, Hannah Burd, Filip Gesiarz, and Vivek Roy-Chowdhury. "BIT's Biggest Trial So Far Encourages More Flexible Jobs and Applications." The Behavioural Insights Team, March 4, 2021. <https://www.bi.team/blogs/bits-biggest-trial-so-far-encourages-more-flexible-jobs-and-applications/>.

<sup>5</sup> Ibid.

<sup>6</sup> Bholat, David, Nida Broughton, Alice Parker, Janna Ter Meer, and Eryk Walczak. "Central Banking: When Communication Is the Policy." The Behavioural Insights Team, August 15, 2018. <https://www.bi.team/blogs/central-banking-when-communication-is-the-policy/>.

## PAY FOR SUCCESS IN SINGAPORE: ACCELERATING EFFECTIVE WHOLE-OF-NATION PROBLEM SOLVING IN THE NEW NORMAL by MR KEVIN TAN

- The COVID-19 pandemic has made social issues more complex. However, there is increasing strain on the Government's finances and bandwidth. With Singapore's status as a wealth management hub and rapid wealth transfer from the previous generations to millennials, there are new opportunities to draw in this wealth to solve social issues. The Pay for Success model, which is a contracting and financing mode, is one way of doing so through an evidence-based approach. The initial wave of Pay for Success projects is promising, with approximately 94% of the 194 global projects showing positive results.
- There are four key stages in the overall Pay for Success process:
  1. Funders provide upfront capital to service providers to improve outcomes in an identified area.
  2. Service providers will deliver the intervention to achieve the predetermined targets.
  3. The outcomes of the intervention will be measured and evaluated.
  4. The government will only pay if the outcomes are achieved.The Pay for Success model ensures there is a measurable impact for every tax dollar and enhances cross-sector capacity building and ownership of social problems.
- Tri-Sector Associates has used the Pay for Success model in different ways (see Boxes 1 and 2) and these are the benefits of using the model:
  - Improve the number of quality social sector solutions.
  - Test more solutions without requiring the Government to commit time and resources unless it proves to be effective.
  - Align stakeholders around quantifiable outcomes through the co-creation and risk-sharing features of the Pay for Success model.

### **Box 1: Examples of Pay for Success models used in Hong Kong<sup>7</sup>**

Tri-Sector Associates partnered with the Hong Kong Council of Social Service on a Pay for Success project to improve the integration of ethnic minority children in Hong Kong. With the private sector's involvement, the government could scale up the intervention in a cost-effective way while ensuring a rigorous evaluation of the outcomes. If the outcomes are achieved, the government will pay up to HKD\$30.68 million to funders.

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<sup>7</sup> More information about Pay for Success projects by Tri-Sector Associates is available here: <https://trisector.org/our-project>

## Box 2: Social Impact Guarantee in Singapore

Many youths in Singapore are not in employment, education, or training even though the Young Men's Christian Association (YMCA) Singapore has deployed interventions to solve this problem. Tri-Sector partnered with YMCA Singapore to design a Pay for Success variant called Social Impact Guarantee,<sup>8</sup> which is different because there is a guarantor who will reimburse the cost of enhancements if the outcomes are not achieved. That fund will be channelled to another iteration of the intervention or a similar programme of the donor's choice, ensuring that donors' funds achieve the intended social impact.

## [Link to slides](#)

### TOURISM SECTORAL TRANSFORMATION AMIDST COVID-19 by MS JEANNIE LIM

- The COVID-19 pandemic caused a large drop in tourism revenue and international visitor arrivals in 2020. The impact is wide-ranging, from the economic impact on industries like hotels and cruises, to workforce issues faced by travel agents and tourist guides. It would take about three to four years before travel returns to pre-COVID-19 levels.<sup>9, 10</sup>
- Strategies to help the tourism sector tide through this period were planned against the backdrop of these emerging trends:
  1. Shifts in mindset away from mass travel to more travellers who generate higher returns;
  2. Cleanliness, safety and public health are at the forefront of travellers' minds;
  3. Accelerated drive towards digital innovation across industries;
  4. Using data and technology to create safe, seamless and contactless travel experiences; and
  5. Sustainable tourism to sustain innovation, reputation, and growth.
- Despite the negative impact caused by COVID-19, it has uncovered opportunities for the tourism sector. Ms Lim outlined three focus areas as the tourism sector transits to the new normal:

#### Focus Area 1: Evolved demand

- STB has pivoted towards domestic tourism to increase expenditure on Singapore's tourism and leisure experiences, and to help locals rediscover and enjoy traveling around Singapore. For the SingaporeRediscover campaign, STB worked with new partners to offer attractive value-for-money promotions and high-quality experiences, and to curate precinct experiences. Guidelines (e.g. SGClean) and accreditation were also put in place to assure locals that they could explore Singapore safely.

<sup>8</sup> More information about the Social Impact Guarantee project is available here: <https://trisector.org/our-project/singapore-social-impact-guarantee-enhancing-youth-support-programme/>

<sup>9</sup> "Impact Assessment of the COVID-19 Outbreak on International Travel." United Nations World Tourism Organisation, December 2020. <https://www.unwto.org/impact-assessment-of-the-covid-19-outbreak-on-international-tourism>.

<sup>10</sup> "Deep Losses Continue into 2021." International Air Transport Association, November 24, 2020. <https://www.iata.org/en/pressroom/pr/2020-11-24-01/>.

- Companies have diversified revenue streams by exploring new business models and opportunities. This crisis has catalysed the birth of new tourism offerings (e.g. holistic wellness programmes) including cross-sector collaborations with lifestyle brands and the arts.
- STB has been supporting sustainability initiatives and capabilities by developing sustainable guidelines (e.g. smart hotel guide 2.0, toolkits to promote reducing, reusing, and recycling) and profiling local sustainable and eco-friendly offerings. To support the development of sustainability-related skills required for these shifts, STB offers the Training Industry Professionals in Tourism grant, skills acquisition, and upskilling programmes.

#### **Focus Area 2: Digital innovation**

- STB aimed to deliver the “One Singapore” experience by providing a seamless experience for visitors, developing the industry as a living lab to power the future of travel (e.g. setting up Tourism Technology Transformation Cube as a safe space for tourism businesses to learn, test and build new ideas) and building up a digitally confident STB to better serve the industry and stakeholders.
- Adopting technology solutions can provide quick wins to tourism businesses in terms of higher productivity yield and reduced reliance on manpower. While digitalisation efforts can bring manpower savings, tourism is still very much a high-touch sector. As such, STB also encourages core tourism industries to adopt digital tools to enhance the customer experience.

#### **Focus Area 3: Jobs and skills**

- A large part of STB’s efforts is driving the upskilling of tourism workforce with digital and emerging skills to keep pace with business transformation. This is especially important when borders reopen and tourism sector recovers. STB’s efforts include redesigning jobs to make it more attractive for locals and working with stakeholders to support employees’ upgrading of skills for this industry.
- While the tourism recovery may be protracted, it should leverage opportunities for evolving demand, transform experiences and processes through digital innovation, and upskill to remain future-ready.

[Link to slides](#)

- Mr Liok presented on IMDA's SMEs Go Digital programme given the acceleration of digitalisation triggered by the COVID-19 pandemic. This programme targets the small and medium-sized enterprises (SMEs) because they form the core of the economy – employing two-thirds of the workforce and contributing nearly half of Singapore's Gross Domestic Product (GDP).<sup>11</sup> A study by the Ministry of Trade and Industry (MTI), Singapore, showed that digitalisation benefited SMEs by increasing their value-added and productivity by 26% and 17% respectively.<sup>12</sup>
- To date, the programme has shown strong momentum: Industry Digital Plans were launched for 17 sectors, over 300 solutions have been pre-approved to qualify for government co-funding and more than 75,000 SMEs have adopted digital solutions under this programme.
- Mr Liok highlighted the following initiatives under the SMEs Go Digital programme.<sup>13</sup>
  1. Industry Digital Plans: These plans were launched for 17 sectors to provide SMEs guidance on their digital journey.
  2. Pre-approved solutions with government co-funding: SMEs can access proven and curated solutions. Government co-funding is available to defray up to 80% of the costs incurred to adopt these digital solutions. To ensure that the pre-approval process is stringent, the solution needs to meet the sector requirements, cybersecurity, and Personal Data Protection Act guidelines.
  3. Digital Solutions: Adopting digital solutions has enabled companies to capture new revenue opportunities, access more markets and improved productivity.
  4. Start Digital: IMDA launched the Start Digital initiatives in partnership with banks and telecommunication companies to help newly incorporated SMEs start their businesses by adopting foundational digital solutions. Banks and telecommunication companies are natural touchpoints for SMEs starting out their business.
  5. Grow Digital: The Grow Digital initiative helps SMEs to go global by connecting them to Business-to-Business and Business-to-Consumer e-commerce platforms to sell overseas. Companies can tap on overseas growth opportunities without being hindered by current travel restrictions and setting up physical stores.
  6. Advanced Digital Solutions: Enterprises can also receive co-funding to adopt more advanced digital solutions to strengthen business continuity practices in the short term and build longer term resilience (e.g. productivity improvements). These Advanced Digital Solutions should address common enterprise-level challenges at scale.
  7. Support Network: The SME Digital Tech Hub is an initiative to support SMEs on their digital journey by providing digital consultancy services such as free clinics. SMEs can access a shared pool of skilled Chief Technology Officers by the end of the year.
  8. Digital Acceleration Index Service: To help SMEs assess their digital maturity and unlock opportunities for going digital, IMDA has partnered with the Boston Consulting Group to

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<sup>11</sup> "Singapore Economy." Singapore Department of Statistics, July 2021.

<https://www.singstat.gov.sg/modules/infographics/economy>.

<sup>12</sup> Ministry of Trade and Industry (MTI), *Economic Survey of Singapore First Quarter 2019*, (Singapore: MTI, 2019), <https://www.mti.gov.sg/Resources/Economic-Survey-of-Singapore/2019/Economic-Survey-of-Singapore-First-Quarter-2019>.

<sup>13</sup> More information about the SMEs Go Digital programme is available here:

<https://www.mti.gov.sg/Resources/feature-articles/2019/Digital-Adoption-Among-Firms-and-Impact-on-Firm-Level-Outcomes-in-Singapore>

develop the Digital Acceleration Index.<sup>14</sup> This index is now available via a [web application](#) for companies to evaluate their digital strengths and weaknesses, benchmark their performance against their peers, and develop their strategies and plans.

[Link to slides](#)

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<sup>14</sup> More information about the Digital Acceleration Index is available here: <https://www.imda.gov.sg/news-and-events/our-signature-events/IMDA-Digital-Acceleration-Index>