

**TRIPARTITE ADVISORY ON  
RESPONSIBLE OUTSOURCING PRACTICES**

Service buyers are well-placed to influence the employment practices of their service providers, particularly those providing cleaning, landscaping and security services. Service buyers who adopt responsible outsourcing practices can help to improve the employment terms and conditions of the workers that are employed by their service providers. At the same time, service buyers can also benefit from the positive relationship between their service providers and workers.

2 To help service buyers outsource their services in a responsible manner, the Tripartite Committee on CPF and Work-Related Benefits for Low-Wage Workers (“TriCom”) released a Tripartite Advisory on Responsible Outsourcing Practices (“Advisory”) in March 2008 and has been encouraging service buyers to adopt the Advisory. Taking into account feedback on the Advisory as well as the best practices adopted by service buyers, the renamed Tripartite Committee for Low-Wage Workers and Inclusive Growth has updated the Advisory to ensure it remains relevant and practical for service buyers.

**Responsible Outsourcing Practices**

3 Service buyers are encouraged to consider adopting the following practices when they outsource their services:

a. Safeguard the basic employment rights of workers

Workers whose basic employment rights are taken care of by their employers will be more engaged and motivated to perform well. Service buyers can include in their service contracts a requirement for their service providers to comply with Singapore’s employment laws, such as the Employment Act, Central Provident Fund Act, Employment of Foreign Manpower Act, Workplace Safety and Health Act and Work Injury Compensation Act. Service buyers could also take into account a service provider’s track record in complying with the employment laws

before awarding a service contract to a service provider. The MOM website displays a list of companies that have breached employment laws before.

Service buyers may also choose to make provisions to terminate or not renew service contracts if it was found that the service providers had breached employment laws. Service buyers are advised to refer any employment-related offences detected to MOM or CPFIB.

b. Award service contracts based on service-level requirements

Service providers will have little room to differentiate themselves and improve the quality of service provided if service contracts are awarded solely based on the number of workers provided by the service provider. To allow service providers the flexibility to propose more productive and efficient work methods and manpower deployment plans, service buyers are encouraged to award service contracts based on a service provider's ability to meet expected performance levels and include these requirements in the service contracts. Service providers who can provide value-added services beyond the basic performance and/or service standards can also be given favourable consideration.

c. Recognise factors that contribute to service quality rather than headcount

Service buyers could consider the following factors that improve the quality of service provided, before they award a service contract to a service provider:

- (i) **Provision of written employment contracts to workers** - Service buyers could encourage their service providers to provide written contracts for their workers. Written employment contracts enable both the workers and the service providers to have a clear understanding of their respective employment terms and obligations and prevent employment disputes. Such contracts also facilitate dispute settlement, and minimise the possibility of any service disruption.
- (ii) **Grading and accreditation level** – Service buyers could also consider if the service providers are accredited or graded highly for the service to be rendered. For example, service buyers could take into account the grade of security agencies under the grading framework of the Singapore Police Force's Security Industry Regulatory Department (SIRD), or the accreditation attained by cleaning companies under the National Environment Agency (NEA) Accreditation Scheme.
- (iii) **Training of workers** – As service providers who invest in the training of workers would be more likely to provide better quality and more efficient services, buyers of such services are encouraged to award their contracts to service providers whose workers are properly trained and/or have attained the relevant skills certifications.

- (iv) **Recognition of experienced workers** – If an incumbent service provider that is being replaced does not retain its workers deployed at the service buyer’s worksite, service buyers could encourage their newly-appointed service provider to retain these workers who are already familiar with the job and work environment, and take into account their past service when offering employment terms and benefits.
- (v) **Appropriate tools and equipment** – To help workers perform the job well, service buyers may wish to ensure that service providers supply their workers with the appropriate tools and equipment to perform the services.

d. Check that service providers are financially sound

Service buyers are encouraged to check that service providers are financially sound before awarding a service contract to them. Service providers with good financial standing are better able to provide reliable and good services and are less likely to default on salary payments to their workers. This extra precaution avoids downstream problems, including service disruption. As the financial positions of the service providers may be affected by late service payments, it is important for service buyers to pay their service providers promptly, so that their service providers can in turn pay their workers on time.

e. Seek to establish a long-term collaborative partnership with service provider

It is mutually beneficial for both service buyers and providers to establish a long-term collaborative partnership. This will encourage service providers to invest in technology and training to enhance the productivity of their workers and the quality of service provided.

## Conclusion

4. Service buyers are encouraged to adopt the responsible outsourcing practices recommended in this Advisory. Through responsible outsourcing, service buyers will not only help to improve the terms and conditions of the workers employed by service providers, but will also achieve better service and value for money for themselves. In addition to the Advisory, service buyers can also refer to the Handbook on Responsible Outsourcing, available on the MOM website, for details on how to implement responsible outsourcing practices (e.g. sample employment contracts and performance

requirements for service contracts, information on accreditation and grading systems, etc).

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