

CHAPTER 2

LABOUR MARKET AND PRODUCTIVITY

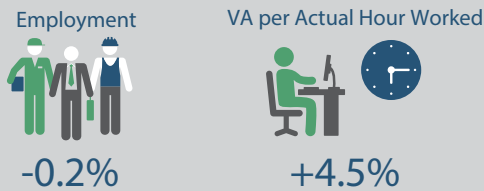




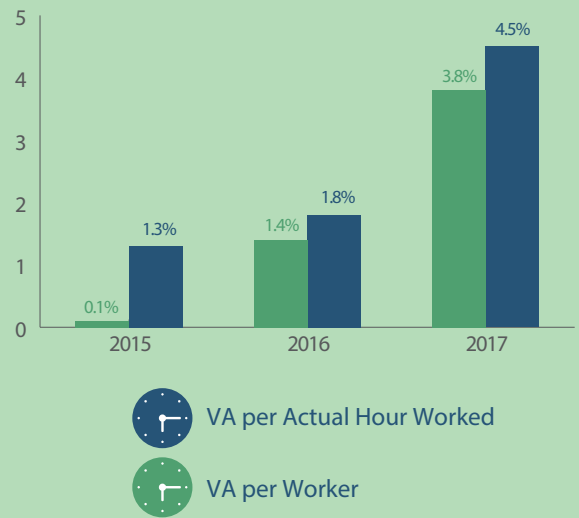
Image courtesy of Singapore Economic Development Board

CHAPTER 2 LABOUR MARKET AND PRODUCTIVITY

EMPLOYMENT AND VA PER ACTUAL HOUR WORKED GROWTH IN 2017



VA PER ACTUAL HOUR WORKED AND VA PER WORKER GROWTH



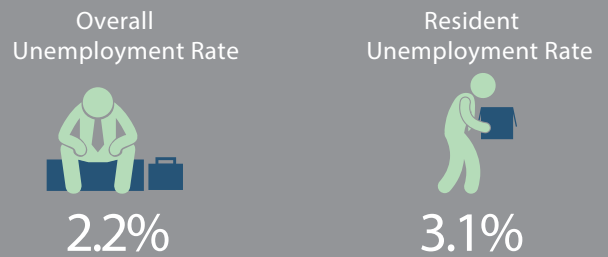
MAIN DRIVERS OF EMPLOYMENT GROWTH IN 2017



SECTORS WITH THE HIGHEST VA PER ACTUAL HOUR WORKED GROWTH IN 2017

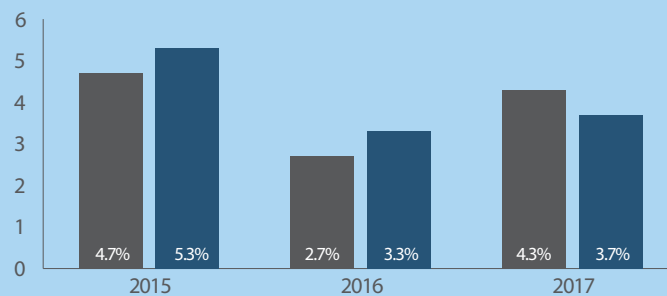


UNEMPLOYMENT RATES IN 2017



MEDIAN GROSS MONTHLY INCOME GROWTH

(\$) Nominal
(\$) Real



Real median gross monthly income rose by **+3.7%** in 2017

OVERVIEW

Total employment fell by 3,600 in 2017. This was the first employment decline since 2003, and was largely due to a reduction in Work Permit Holders in the construction and marine sectors. Excluding Foreign Domestic Workers (FDWs), total employment fell by 10,700. Local employment continued to grow, recording nearly double the growth seen in 2016.

Annual average unemployment rates for both residents and citizens increased slightly in 2017. However, the respective unemployment rates in December 2017 were lower when compared to the same period a year ago.

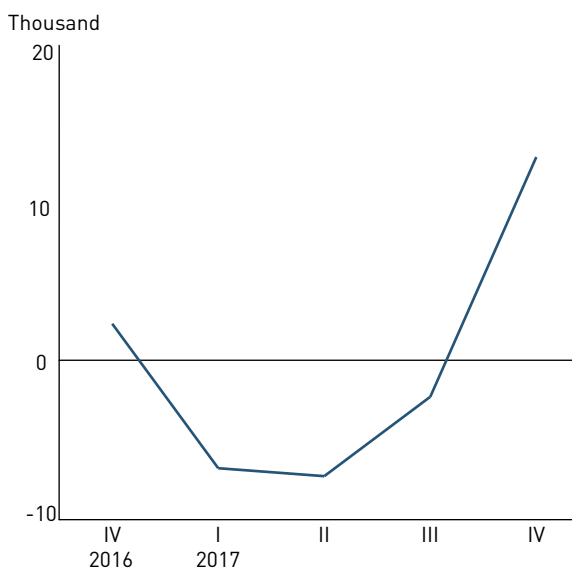
Labour productivity, as measured by real value-added per actual hour worked, grew by 4.5 per cent in 2017, improving from the 1.8 per cent growth in 2016. Similarly, real value-added per worker rose by 3.8 per cent, higher than the 1.4 per cent growth in 2016. Real gross median income of full-time employed residents rose by 3.7 per cent in 2017, faster than the 3.3 per cent growth in 2016.

EMPLOYMENT¹

Total employment grew in the fourth quarter (12,800) on the back of hiring for year-end festivities, after contracting in the first three quarters of 2017. The employment gain was higher than that observed in the fourth quarter of 2016 (2,300) (Exhibit 2.1). A similar trend was observed for total employment excluding FDWs.

At the sectoral level, manufacturing employment declined for the thirteenth consecutive quarter (-1,400), as weak demand for oil rigs continued to weigh on employment in the marine & offshore engineering segment (Exhibit 2.2). Employment in the construction sector fell for the sixth consecutive quarter (-5,600), in tandem with the continued weakness in construction activities.

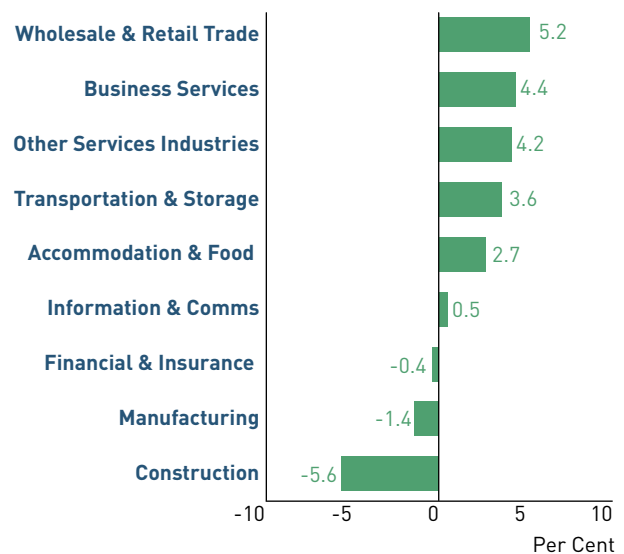
Exhibit 2.1: Changes in Total Employment



These declines were offset by employment gains in the services sectors (20,200), with the wholesale & retail trade and business services sectors recording the largest employment growth.

For the whole of 2017, total employment fell by 3,600, the first annual decline since 2003 (-12,900). This was due to a large contraction in foreign employment (-24,900), even as local employment continued to grow (Exhibit 2.3). Excluding FDWs, total employment declined by 10,700.

Exhibit 2.2: Changes in Employment by Industry in 4Q 2017

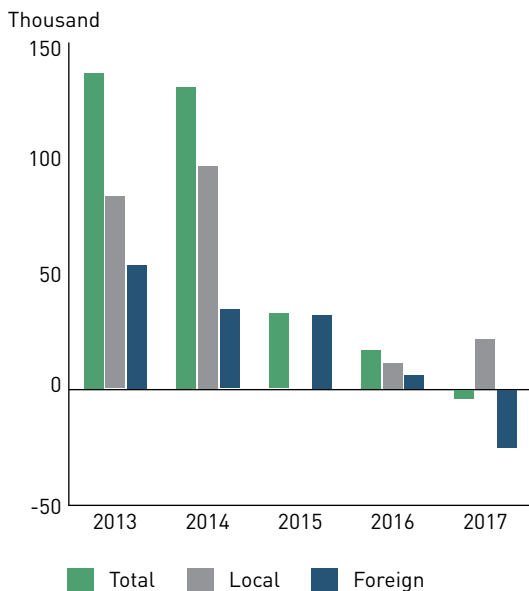


¹ Figures for the fourth quarter of 2017 are based on preliminary estimates.

Local employment increased by an estimated 21,300 in 2017, nearly double the growth in 2016 (11,200). The increase occurred in most services sectors, including community, social & personal services, financial & insurance services, transportation & storage, and administrative & support services. On the other hand, the decline in foreign employment was mainly due to a fall in the number of Work Permit Holders in the construction and marine sectors.

As at December 2017, there were 3,669,500 employed persons in Singapore, with 2,301,400 locals and 1,368,100 foreigners. Excluding FDWs, there were 1,121,300 foreigners.

Exhibit 2.3: Changes in Employment by Residential Status

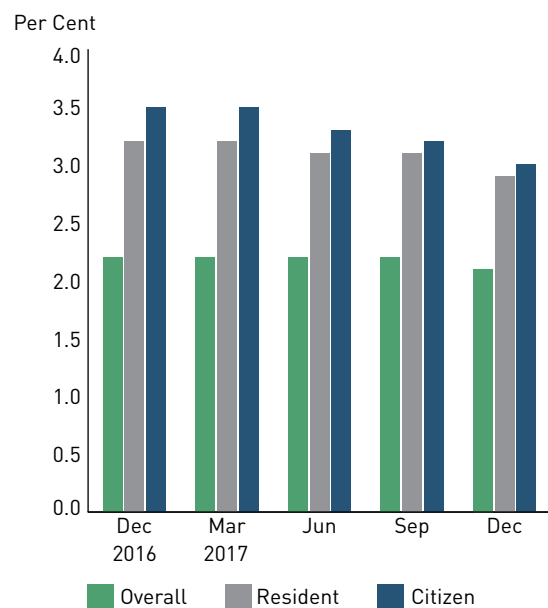


UNEMPLOYMENT

The seasonally-adjusted overall unemployment rate fell from 2.2 per cent in September 2017 to 2.1 per cent in December 2017 (Exhibit 2.4). The resident and citizen unemployment rates also fell over the same period (from 3.1 per cent to 2.9 per cent, and from 3.2 per cent to 3.0 per cent respectively).

In December 2017, there were 67,400 unemployed residents, of whom 57,700 were Singapore citizens. These were lower than the number of unemployed residents (71,600) and citizens (62,300) in September 2017.²

Exhibit 2.4: Unemployment Rates (Seasonally-Adjusted)



For the full year, the annual average overall unemployment rate rose marginally from 2.1 per cent in 2016 to 2.2 per cent in 2017. Similarly, the unemployment rate for residents increased slightly from 3.0 per cent to 3.1 per cent, while that for citizens ticked up from 3.1 per cent to 3.3 per cent.

In 2017, 70,600 residents were unemployed on average, of whom 62,600 were Singapore citizens. The corresponding figures in 2016 were lower, at 67,400 and 59,100 respectively.

PRODUCTIVITY

► Real Value-Added per Actual Hour Worked

Overall labour productivity, as measured by real value-added per actual hour worked, increased by 4.5 per cent in 2017, an improvement from the 1.8 per cent growth in the previous year (Exhibit 2.5). Productivity of the manufacturing, wholesale & retail trade, transportation & storage, finance & insurance, business services and construction sectors rose, while that for the information & communications and accommodation & food services declined (Exhibit 2.6).

² Based on seasonally-adjusted data on the number of unemployed persons.

Exhibit 2.5: Changes in Value-Added per Actual Hour Worked for the Overall Economy

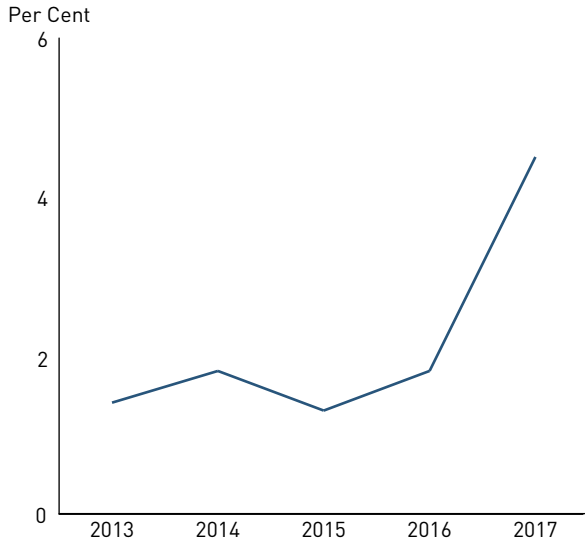
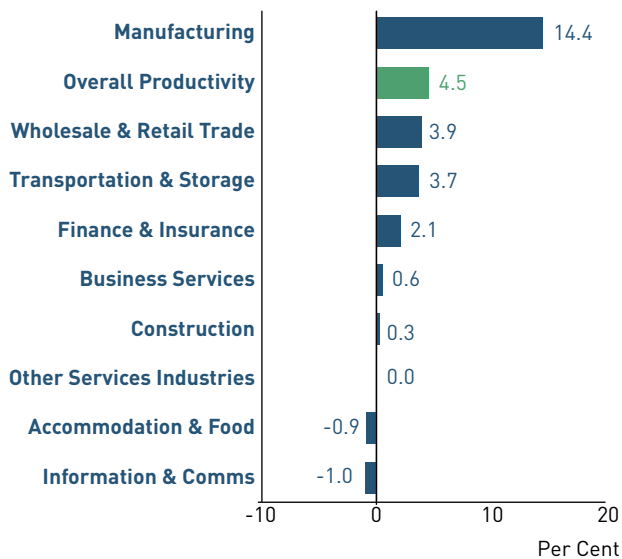


Exhibit 2.6: Changes in Value-Added per Actual Hour Worked by Industry in 2017



Productivity growth of outward-oriented sectors as a whole continued to outperform that of domestically-oriented sectors in 2017. Specifically, the productivity of outward-oriented sectors rose by 6.7 per cent, while that of domestically-oriented sectors fell by 0.2 per cent.³

Real Value-Added per Worker

Real value-added per worker grew by 3.8 per cent in the fourth quarter, slower than the 5.9 per cent increase in the third quarter.

For 2017 as a whole, real value-added per worker rose by 3.8 per cent, higher than the growth of 1.4 per cent in 2016.

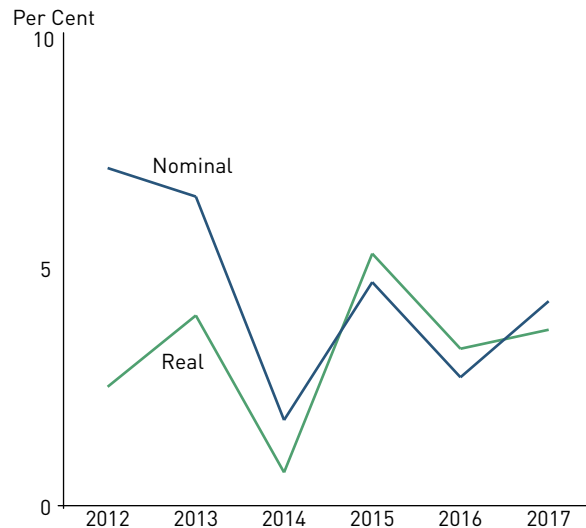
The stronger growth in real value-added per actual hour worked compared to real value-added per worker was due to a fall in actual hours worked per worker.⁴

INCOME FROM WORK

Real and nominal median gross monthly income grew at a faster pace in 2017, as compared to 2016. The nominal median gross monthly income (including employer CPF contributions) of full-time employed residents rose by 4.3 per cent to \$4,232 in 2017, compared to the increase of 2.7 per cent in 2016 (Exhibit 2.7).

After adjusting for inflation, real median income grew by 3.7 per cent in 2017, faster than the 3.3 per cent growth in 2016.

Exhibit 2.7: Change in Median Gross Monthly Income from Work of Full-Time Employed Residents



³ Based on MTI estimates. Outward-oriented sectors refer to manufacturing, wholesale trade, transportation & storage, accommodation, information & communications, finance & insurance, and professional services. Domestically-oriented sectors refer to construction, retail trade, food & beverage services, other business services, and other services industries.

⁴ Based on MTI estimates.