



Image courtesy of Enterprise Singapore



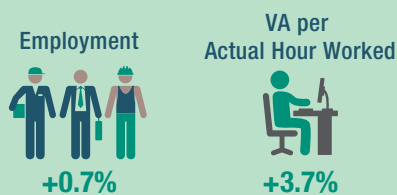
CHAPTER 2

# LABOUR MARKET AND PRODUCTIVITY

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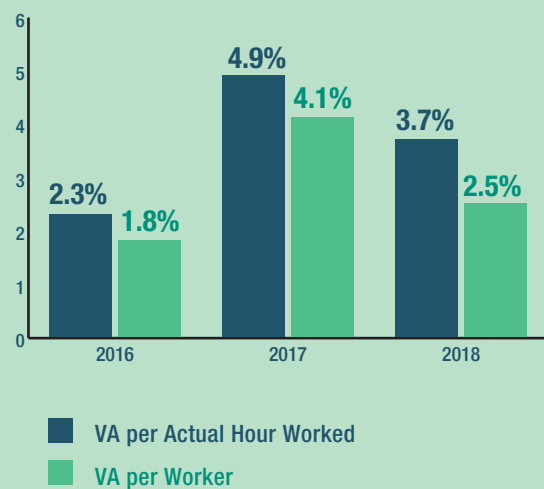
## EMPLOYMENT AND PRODUCTIVITY GROWTH IN 2018



### MAIN DRIVERS OF EMPLOYMENT GROWTH IN 2018



## VA PER ACTUAL HOUR WORKED AND VA PER WORKER GROWTH



## SECTORS WITH THE HIGHEST VA PER ACTUAL HOUR WORKED GROWTH IN 2018

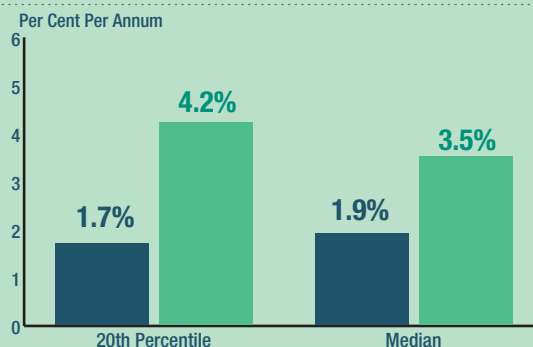


## UNEMPLOYMENT RATES IN 2018



## ANNUALISED CHANGE IN REAL GROSS MONTHLY INCOME FROM WORK

■ June 2008 - June 2013  
■ June 2013 - June 2018



Real median gross monthly income of full-time employed residents rose by **+3.5%** per annum from June 2013 to June 2018



## OVERVIEW

Total employment increased by 46,300 in 2018, a reversal from the decline of 3,600 in 2017. Total employment growth was driven by the services sector, while the construction and manufacturing sectors continued to register employment declines, albeit at a more moderate pace as compared to 2017. Excluding Foreign Domestic Workers (FDWs), total employment increased by 39,300. Local employment growth in 2018 was higher than that in 2017.

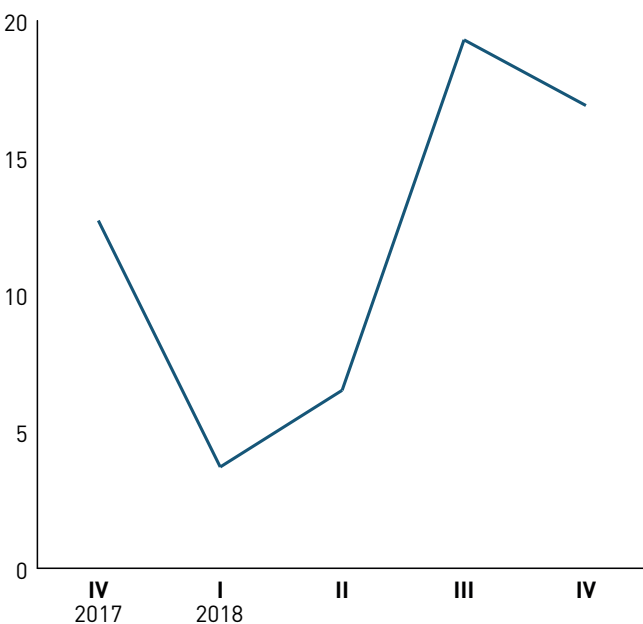
The number of workers retrenched and the annual average unemployment rates were lower in 2018 as compared to 2017.

Labour productivity, as measured by real value-added per actual hour worked, grew by 3.7 per cent in 2018, slower than the 4.9 per cent growth in 2017. Similarly, real value-added per worker rose by 2.5 per cent, lower than the 4.1 per cent growth in 2017. Meanwhile, the real gross monthly incomes of full-time employed residents at the median and 20th percentile rose faster during the period of 2013 to 2018, as compared to the earlier five-year period of 2008 to 2013.

## EMPLOYMENT<sup>1</sup>

Total employment increased in the fourth quarter (16,900) on the back of seasonal hiring for the year-end festivities. While employment growth in the fourth quarter was lower than the preceding quarter (19,300), it was higher than the same period a year ago (12,700) (Exhibit 2.1). A similar trend was observed for total employment excluding FDWs.

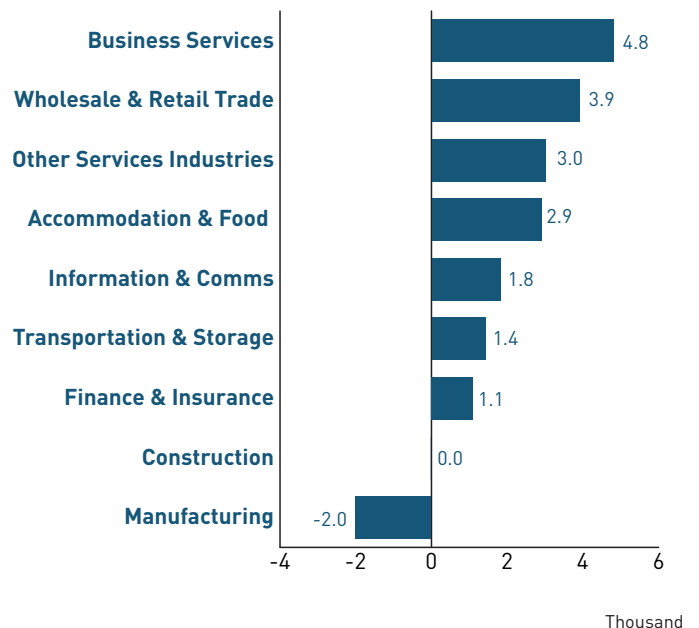
Exhibit 2.1: Changes in Total Employment  
 Thousand



Total employment growth was driven by the services sector (18,700), with the business services and wholesale & retail trade sectors recording the largest employment gains (Exhibit 2.2).

By contrast, manufacturing employment declined (-2,000), after posting an increase in the preceding quarter (3,500). Employment in the construction sector remained unchanged on the back of the weakness in construction activities.

Exhibit 2.2: Changes in Employment by Industry in 4Q 2018



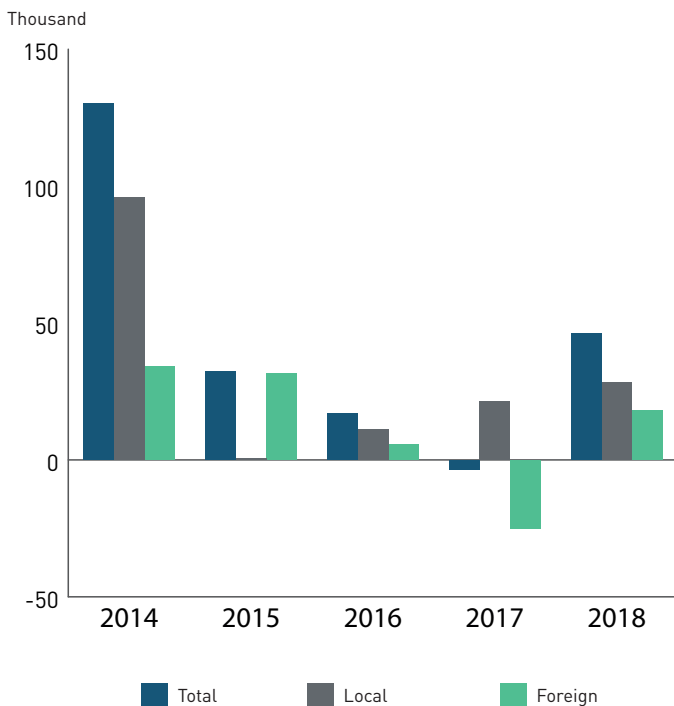
<sup>1</sup> Figures for the fourth quarter of 2018 are based on preliminary estimates.

For the whole of 2018, total employment increased by 46,300, a reversal from the decline in 2017 (-3,600), and more than twice the growth in 2016 (16,800). Excluding FDWs, total employment increased by 39,300. Total employment growth was driven by employment gains in the services sector (55,400), even as the employment declines in the manufacturing (-2,400) and construction (-6,700) sectors moderated as compared to 2017.

Local employment rose by 28,400 in 2018, higher than the increase in 2017 (21,300) (Exhibit 2.3). There were local employment gains in most services sectors, including the community, social & personal services, transportation & storage, finance & insurance, information & communications, and professional services sectors.

As at December 2018, there were 3,715,800 employed persons in Singapore, with 2,329,800 locals and 1,386,000 foreigners. Excluding FDWs, there were 1,132,200 foreigners.

Exhibit 2.3: Changes in Employment by Residential Status

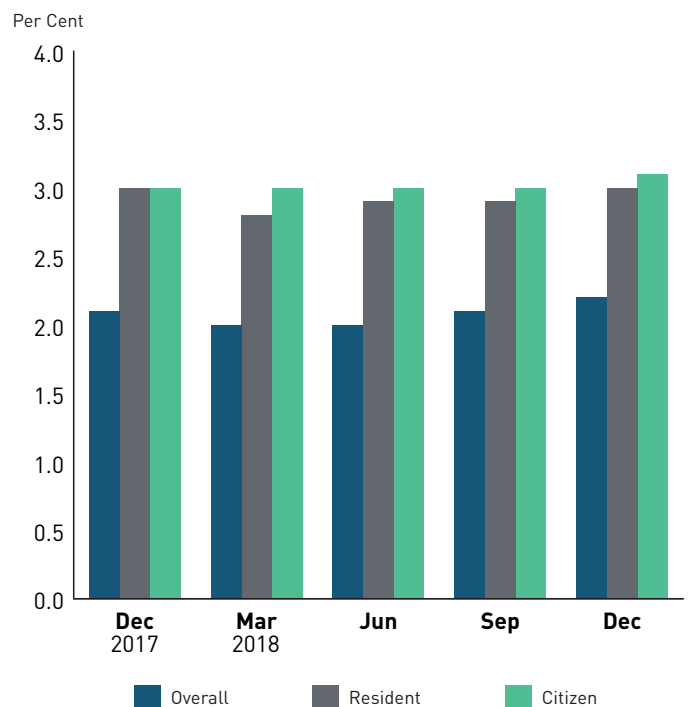


## UNEMPLOYMENT

The seasonally-adjusted overall unemployment rate rose slightly from 2.1 per cent in September 2018 to 2.2 per cent in December 2018 (Exhibit 2.4). The resident and citizen unemployment rates also edged up over the same period (from 2.9 per cent to 3.0 per cent, and from 3.0 per cent to 3.1 per cent respectively).

In December 2018, there were 69,800 unemployed residents, of whom 60,600 were Singapore citizens. These were higher than the number of unemployed residents (66,000) and citizens (58,200) in September 2018.

Exhibit 2.4: Unemployment Rates (Seasonally-Adjusted)



Despite the slight uptick in overall unemployment rate observed in December 2018, the annual average overall unemployment rate for the full year dipped from 2.2 per cent in 2017 to 2.1 per cent in 2018. Similarly, the unemployment rate for residents and citizens declined from 3.1 per cent to 2.9 per cent, and from 3.3 per cent to 3.0 per cent respectively.

In 2018, 66,900 residents were unemployed on average, of whom 59,000 were Singapore citizens. The respective figures in 2017 were higher, at 70,900 and 62,800.

## PRODUCTIVITY

### Real Value-Added per Actual Hour Worked

Overall labour productivity, as measured by real value-added per actual hour worked, increased by 1.4 per cent in the fourth quarter, easing from the 1.6 per cent growth in the previous quarter (Exhibit 2.5). The productivity of the accommodation & food services, manufacturing, finance & insurance, construction and wholesale & retail trade sectors rose, while that for the information & communications, business services, transportation & storage and other services industries declined (Exhibit 2.6).

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

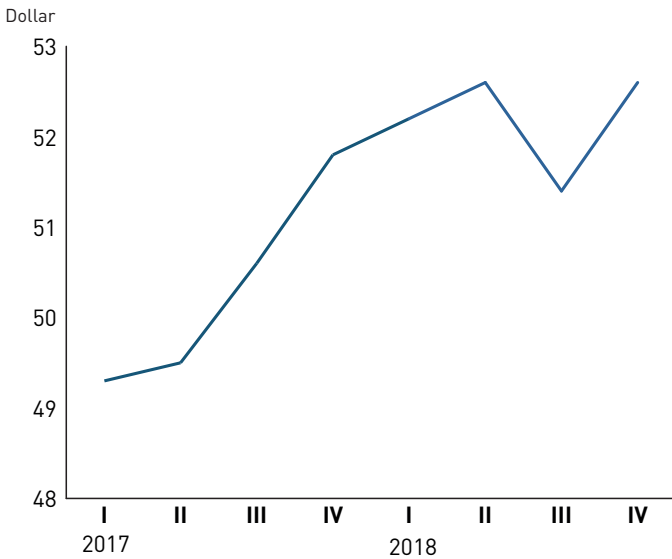
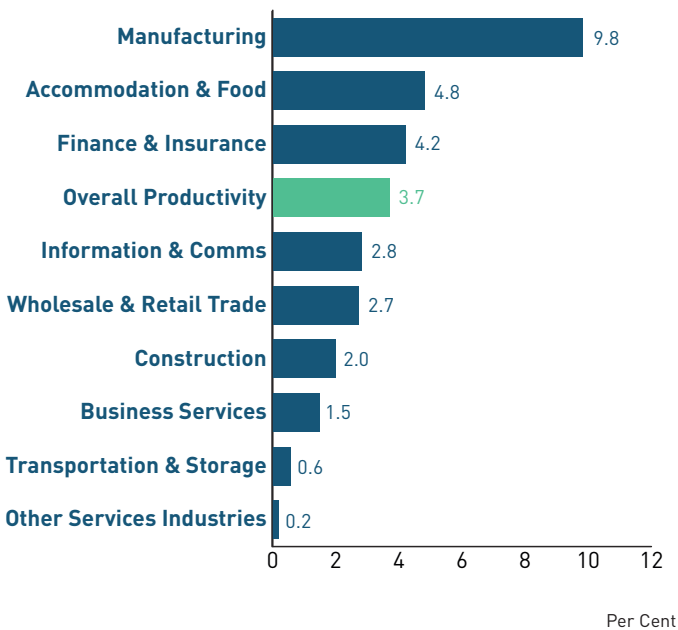


Exhibit 2.6: Changes in Value-Added per Actual Hour Worked by Industry in 2018



Productivity growth of outward-oriented sectors as a whole continued to outperform that of domestically-oriented sectors in the fourth quarter of 2018.<sup>2</sup> Specifically, the productivity of outward-oriented sectors rose by 1.6 per cent, while that of domestically-oriented sectors rose by 1.4 per cent.

For 2018 as a whole, real value-added per actual hour worked rose by 3.7 per cent, lower than the 4.9 per cent growth registered in 2017.<sup>3</sup>

<sup>2</sup> 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.  
<sup>3</sup> Based on MTI estimates.

## Real Value-Added per Worker

Real value-added per worker grew by 0.6 per cent in the fourth quarter, slower than the 1.4 per cent increase in the preceding quarter.

For 2018 as a whole, real value-added per worker rose by 2.5 per cent, lower than the growth of 4.1 per cent in 2017.

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

## INCOME FROM WORK

Real median gross monthly income of full-time employed residents grew by 3.5 per cent per annum from 2013 to 2018, significantly higher than the 1.9 per cent per annum increase in the preceding five years (2008 to 2013) (Exhibit 2.7).

Over the same period, real income growth at the 20th percentile (4.2 per cent per annum) was higher than at the median (3.5 per cent per annum), thus narrowing the gap with the median worker. The 20th percentile income growth over this period was also significantly higher than in the preceding five years (1.7 per cent per annum).

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

