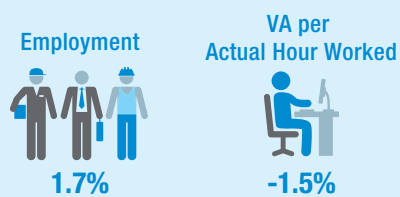


# CHAPTER 2 LABOUR MARKET AND PRODUCTIVITY

## EMPLOYMENT AND PRODUCTIVITY GROWTH IN 2019



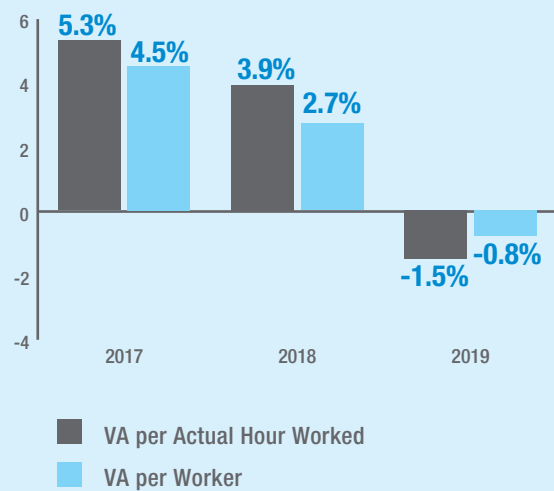
## MAIN DRIVERS OF EMPLOYMENT GROWTH IN 2019



## SECTORS WITH THE HIGHEST VA PER ACTUAL HOUR WORKED GROWTH IN 2019



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

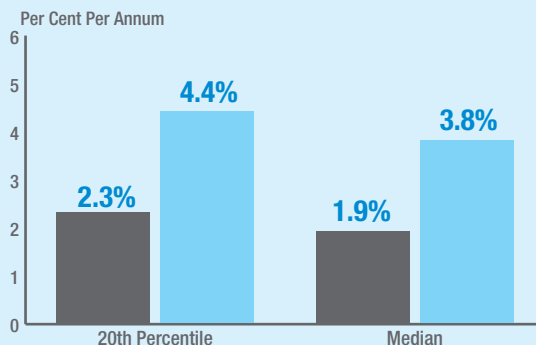


## UNEMPLOYMENT RATES IN 2019



## ANNUALISED CHANGE IN REAL GROSS MONTHLY INCOME FROM WORK

■ June 2009 - June 2014  
■ June 2014 - June 2019



Real median gross monthly income of full-time employed residents rose by **3.8% per annum** from June 2014 to June 2019



## OVERVIEW<sup>1</sup>

Total employment rose by 63,200 in 2019, higher than the 45,300 increase in 2018. Total employment growth was driven by employment gains in the services and construction sectors, while the manufacturing sector continued to register a decline in employment. Excluding Foreign Domestic Workers (FDWs), total employment increased by 55,200 in 2019, with local employment accounting for 26,500 of the increase.

Total retrenchments in 2019 were similar to that in 2018, even as unemployment rates inched up.

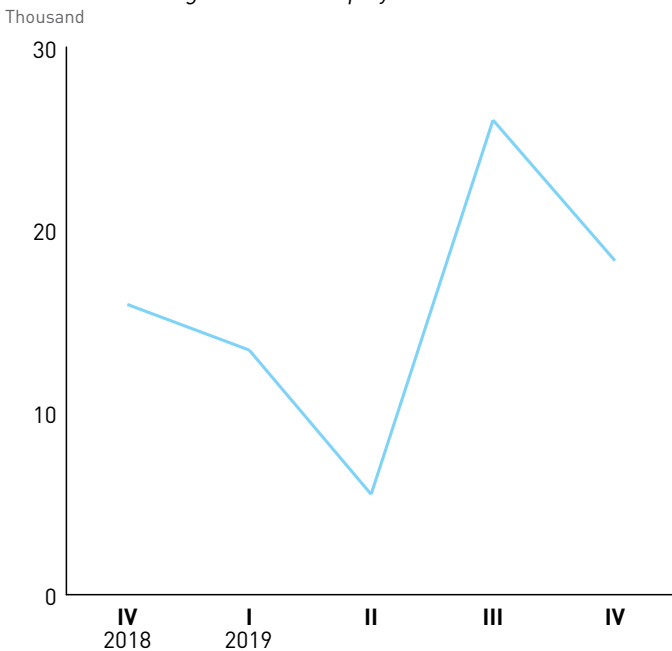
Labour productivity, as measured by real value-added per actual hour worked, declined by 1.5 per cent in 2019, a reversal from the 3.9 per cent growth in 2018. Similarly, real value-added per worker fell by 0.8 per cent, in contrast to the 2.7 per cent increase in 2018.

The real gross monthly income of full-time employed residents at the median and 20th percentile rose faster during the period of 2014 to 2019, as compared to the earlier five-year period of 2009 to 2014.

## EMPLOYMENT

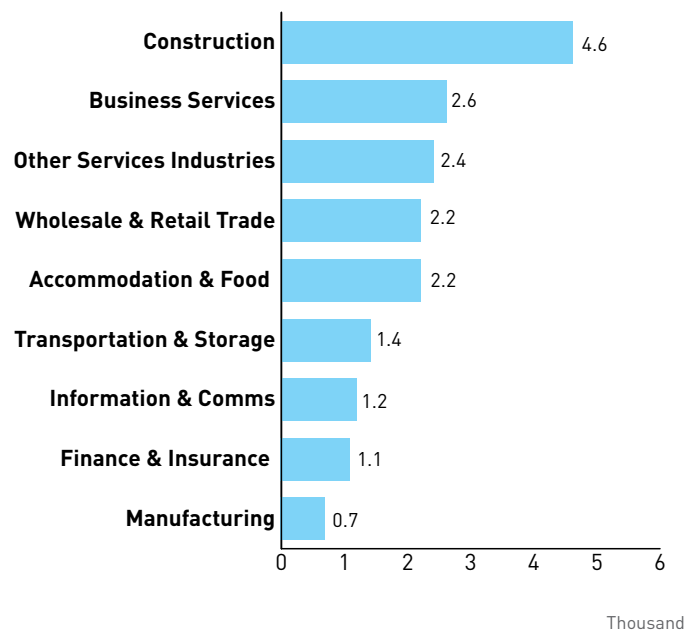
Total employment increased in the fourth quarter (18,300) on the back of seasonal hiring for the year-end festivities. While employment growth in the fourth quarter was lower than the preceding quarter (26,000), it was higher than the same period a year ago (15,900) (Exhibit 2.1). A similar trend was observed for total employment excluding FDWs.

Exhibit 2.1: Changes in Total Employment



Total employment growth in the fourth quarter was supported by a pickup in employment across all broad sectors. Specifically, employment rose in the services (13,000), construction (4,600) and manufacturing (700) sectors. Within the overall services sector, the business services sector and the other services industries saw the largest employment gains (Exhibit 2.2).

Exhibit 2.2: Changes in Employment by Industry in 4Q 2019



<sup>1</sup> Figures for the fourth quarter of 2019 and 2019 are based on preliminary estimates.

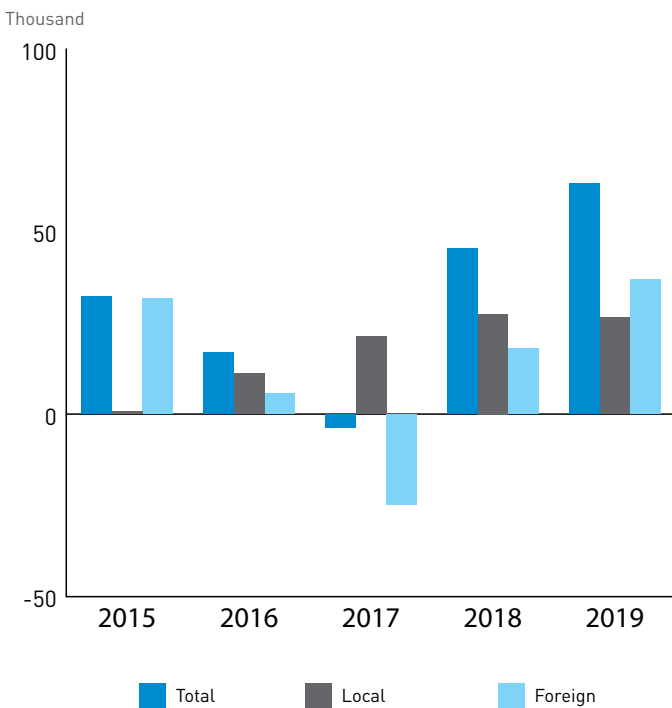
For the whole of 2019, total employment increased by 63,200, extending the growth recorded in 2018 (45,300). Excluding FDWs, total employment growth came in at 55,200. Total employment growth was driven by gains in the services (53,700) and construction (12,800) sectors, even as employment in the manufacturing sector (-3,000) continued to decline.

Local employment rose by 26,500 in 2019, similar to the increase in 2018 (27,400) (Exhibit 2.3). Services sectors such as the other services, professional services and information & communications sectors saw gains in local employment, while the manufacturing sector recorded a decline in local employment.

Meanwhile, foreign employment (excluding FDW) increased by 28,700 in 2019, mainly due to an increase in construction work permit holders. Excluding FDWs and the construction sector, foreign employment growth in 2019 (14,900) would be lower than local employment growth (excluding construction) in 2019 (27,500), and the corresponding foreign employment growth (16,300) in 2018.

As at December 2019, there were 3,778,000 employed persons in Singapore, with 2,355,300 locals and 1,422,700 foreigners. Excluding FDWs, there were 1,160,900 foreigners.

*Exhibit 2.3: Changes in Employment by Residential Status*



## UNEMPLOYMENT

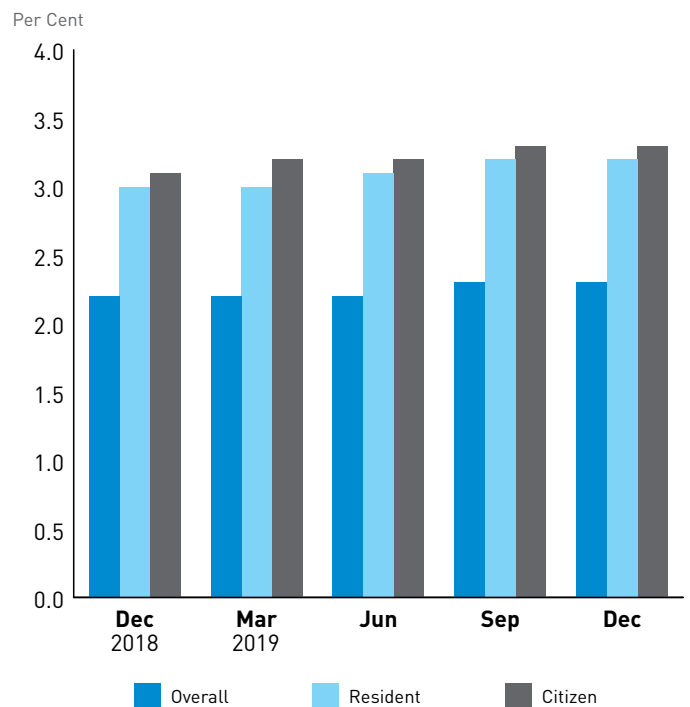
The seasonally-adjusted overall (2.3 per cent), resident (3.2 per cent) and citizen (3.3 per cent) unemployment rates held steady in December 2019, after trending up in the previous quarters (Exhibit 2.4).

In December 2019, there were 72,800 unemployed residents, of whom 62,100 were Singapore citizens. These were lower than the number of unemployed residents (74,200) and citizens (64,600) in September 2019.

The annual average overall unemployment rate rose from 2.1 per cent in 2018 to 2.3 per cent in 2019. Similarly, the unemployment rates for residents and citizens increased from 2.9 per cent to 3.2 per cent, and from 3.0 per cent to 3.3 per cent respectively over the same period.

In 2019, 72,600 residents were unemployed on average, of whom 63,500 were Singapore citizens. The respective figures in 2018 were lower, at 66,900 and 58,900.

*Exhibit 2.4: Unemployment Rates (Seasonally-Adjusted)*



## RETRENCHMENTS

Total retrenchments came in at around 2,700 in the fourth quarter, slightly higher than the levels recorded in the preceding quarter (2,470) and the same quarter in 2018 (2,510). Over the quarter, retrenchments rose in the services (from 1,690 to 1,800), manufacturing (from 600 to 700) and construction (from 160 to 200) sectors.

For the full year, total retrenchments (10,700) were similar to that observed in 2018 (10,730). However, the trends were mixed across sectors. Retrenchments increased in the manufacturing (from 2,570 to 2,800) and services (from 6,960 to 7,100) sectors, but declined in the construction (from 1,200 to 800) sector.

## PRODUCTIVITY

### Real Value-Added per Actual Hour Worked

Overall labour productivity, as measured by real value-added per actual hour worked, fell by 1.6 per cent in the fourth quarter, larger than the 0.9 per cent decline in the third quarter. Productivity of the construction and other services sectors rose, while that of the accommodation & food services, manufacturing, wholesale & retail trade, information & communications, business services, transportation & storage and finance & insurance sectors declined.

As a whole, the productivity of outward-oriented sectors fell by 2.3 per cent in the fourth quarter, while that of domestically-oriented sectors declined by 0.6 per cent over the same period.

For the full year, real value-added per actual hour worked fell by 1.5 per cent, a reversal from the 3.9 per cent growth achieved in 2018, on the back of the slowdown in economic growth (Exhibit 2.5). Only the construction and finance & insurance sectors experienced growth in real value-added per actual hour worked in 2019 (Exhibit 2.6).

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

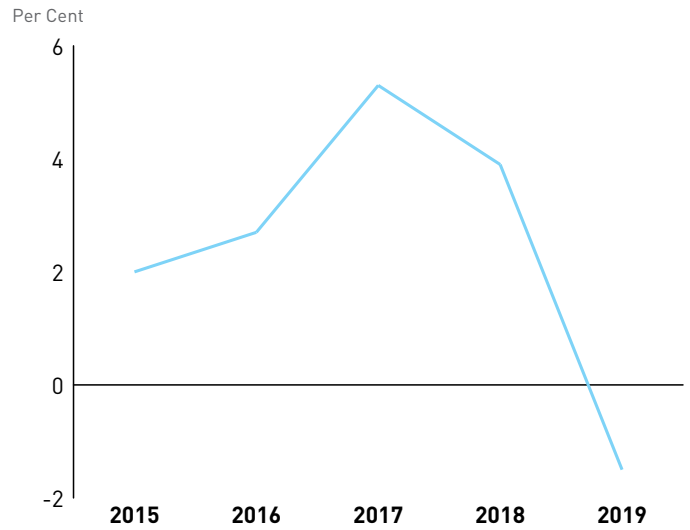
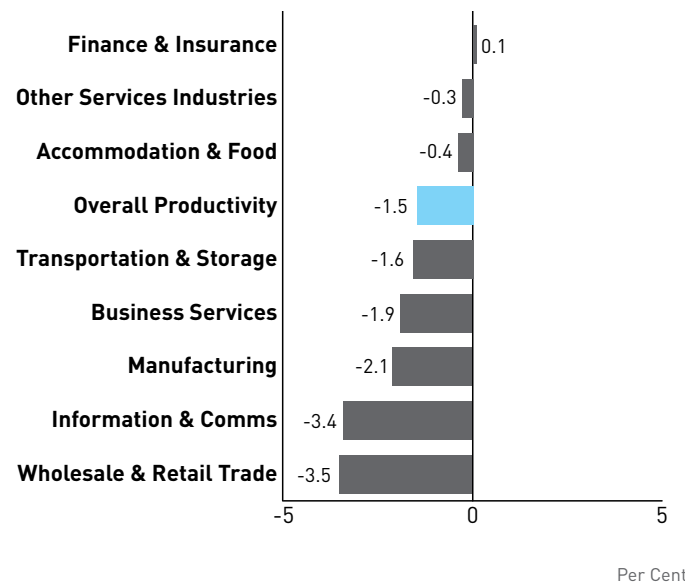


Exhibit 2.6: Changes in Value-Added per Actual Hour Worked by Industry in 2019



## Real Value-Added per Worker

Real value-added per worker fell by 0.6 per cent in the fourth quarter, extending the 0.9 per cent decline in the preceding quarter.

For 2019 as a whole, real value-added per worker edged down by 0.8 per cent, a reversal from the 2.7 per cent growth in 2018.

The larger fall in real value-added per actual hour worked compared to real value-added per worker was due to an increase in the actual number of hours worked per worker.

## INCOME FROM WORK

Real median gross monthly income of full-time employed residents rose by 3.8 per cent per annum from 2014 to 2019, doubling the 1.9 per cent per annum increase in the preceding five years (2009 to 2014) (Exhibit 2.7).

Over the same period, real income growth at the 20th percentile (4.4 per cent per annum) was higher than at the median (3.8 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 (2.3 per cent per annum).

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

