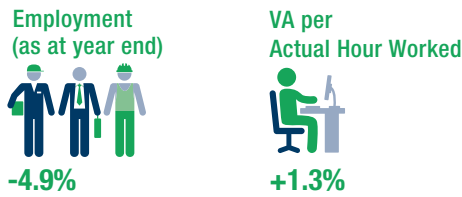


CHAPTER 2

LABOUR MARKET AND PRODUCTIVITY

EMPLOYMENT AND PRODUCTIVITY GROWTH IN 2020



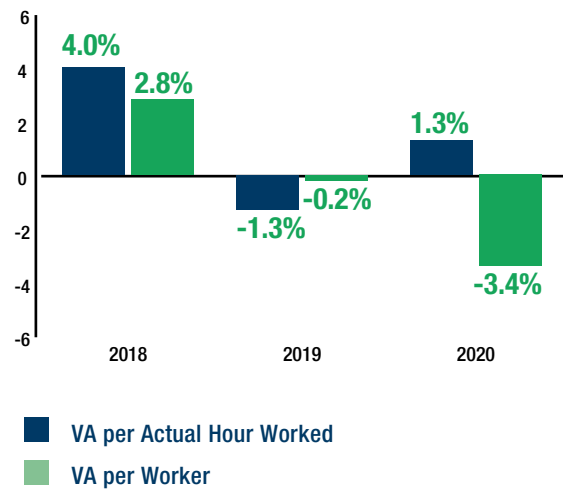
MAIN DRIVERS OF EMPLOYMENT GROWTH IN 2020



SECTORS WITH THE HIGHEST VA PER ACTUAL HOUR WORKED GROWTH IN 2020



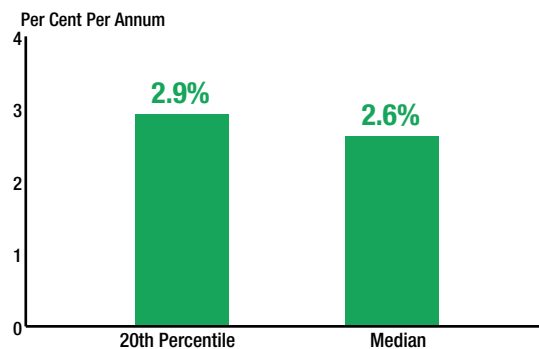
VA PER ACTUAL HOUR WORKED AND VA PER WORKER GROWTH



UNEMPLOYMENT RATES IN 2020



ANNUALISED CHANGE IN REAL GROSS MONTHLY INCOME FROM WORK



Real median gross monthly income of full-time employed residents rose by **+2.6%** per annum from June 2015 to June 2020



OVERVIEW¹

Against the backdrop of the COVID-19 pandemic, total employment fell by 186,600 in 2020, reversing the increase of 69,700 in 2019. The decline in total employment was due to a fall in foreign employment (-195,900), which outstripped an increase in local employment (9,300). By sectors, total employment declined across all broad sectors (i.e., manufacturing, services and construction). Excluding Foreign Domestic Workers (FDWs), total employment contracted by 172,200.

The number of retrenchments and unemployment rates rose in 2020 as compared to 2019.

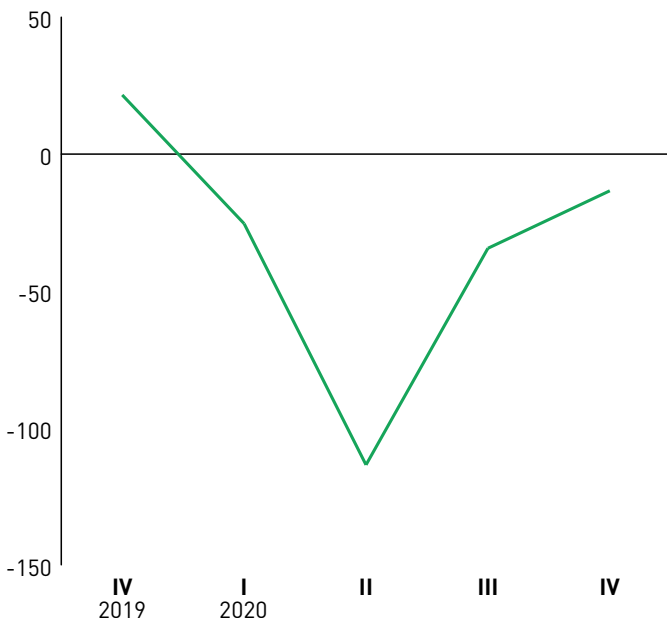
Labour productivity, as measured by real value-added per actual hour worked, increased by 1.3 per cent in 2020, a reversal from the 1.3 per cent decline in 2019.

Notwithstanding the decline recorded in 2020, real median gross monthly income of full-time employed residents rose by 2.6 per cent per annum between 2015 and 2020. During this period, real income at the 20th percentile grew by 2.9 per cent per annum.

EMPLOYMENT

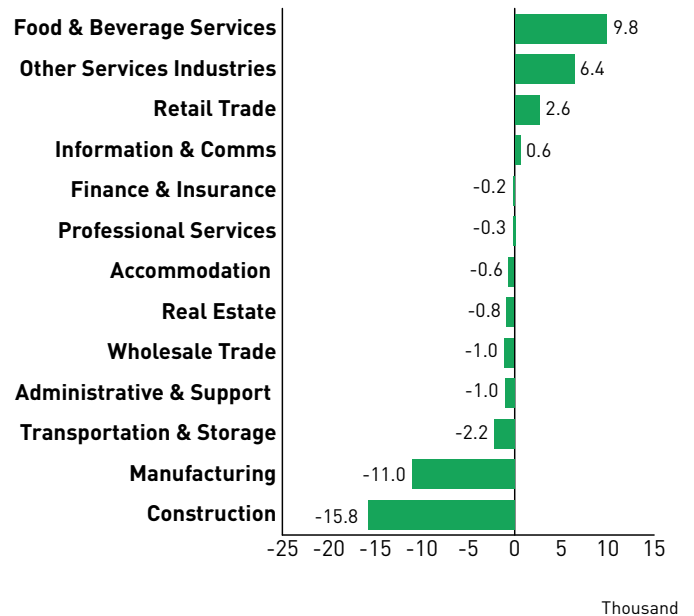
Total employment contracted by 13,400 in the fourth quarter, moderating from the declines seen in the second (-113,500) and third (-34,400) quarters (Exhibit 2.1). A similar trend was observed for total employment excluding FDWs.

Exhibit 2.1: Changes in Total Employment



By broad sectors, employment declined in the construction (-15,800) and manufacturing (-11,000) sectors, but expanded in the services sector (13,400) in the fourth quarter. Within the services sector, employment gains were the largest in the food & beverage services sector and the other services industries (Exhibit 2.2).

Exhibit 2.2: Changes in Employment by Industry in 4Q 2020



¹ Figures for the fourth quarter of 2020 and full year 2020 are based on preliminary estimates.

For the whole of 2020, total employment fell by 186,600, with employment declines seen in the services (-96,400), construction (-52,000) and manufacturing (-38,000) sectors.

The decline in total employment was driven by a fall in foreign employment (-195,900), which outstripped a rise in local employment (9,300) (Exhibit 2.3). Local employment increased in the information & communications, financial services and professional services sectors, but fell in the accommodation, wholesale trade and retail trade sectors. Meanwhile, foreign employment fell across all sectors.

Exhibit 2.3: Changes in Employment by Residential Status



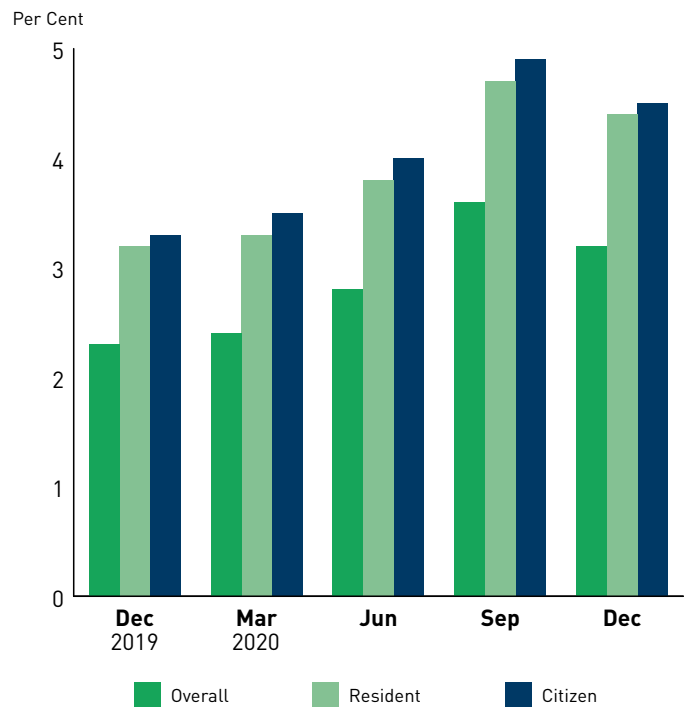
As at December 2020, there were 3,597,700 employed persons in Singapore, with 2,366,200 locals and 1,231,500 foreigners. Excluding FDWs, there were 984,100 foreigners.

UNEMPLOYMENT

The seasonally-adjusted overall (3.2 per cent), resident (4.4 per cent) and citizen (4.5 per cent) unemployment rates eased in December 2020, after trending up in the previous quarters (Exhibit 2.4).

In December 2020, there were 104,400 unemployed residents, of whom 90,100 were Singapore citizens. These were lower than the number of unemployed residents (112,500) and citizens (97,700) in September 2020.

Exhibit 2.4: Unemployment Rates (Seasonally-Adjusted)



For the full year, the annual average unemployment rates rose in 2020 at the overall level (from 2.3 per cent in 2019 to 3.0 per cent), as well as for residents (from 3.1 per cent to 4.1 per cent) and citizens (from 3.3 per cent to 4.2 per cent). However, they remained below the levels observed during SARS² and the Global Financial Crisis³.

In 2020, 96,500 residents were unemployed on average, of whom 84,100 were Singapore citizens. The respective figures in 2019 were lower, at 72,900 and 63,900.

RETRENCHMENTS

The number of retrenchments was 6,100 in the fourth quarter, lower than the level reached in the preceding quarter (9,120). This reflected the first decline after five consecutive quarters of increases. Over the quarter, retrenchments fell in the services (from 6,710 to 4,900), manufacturing (from 2,070 to 1,100) and construction (from 340 to 100) sectors.

For the full year, total retrenchments (26,570) rose from that observed in 2019 (10,690) on the back of higher retrenchments in the services (from 7,000 to 20,090), manufacturing (from 2,790 to 5,430) and construction (from 860 to 1,020) sectors.

² In 2003, the annual average overall, resident and citizen unemployment rates were 4.0 per cent, 5.2 per cent and 5.4 per cent respectively.

³ In 2009, the annual average overall, resident and citizen unemployment rates were 3.0 per cent, 4.3 per cent and 4.5 per cent respectively.

PRODUCTIVITY

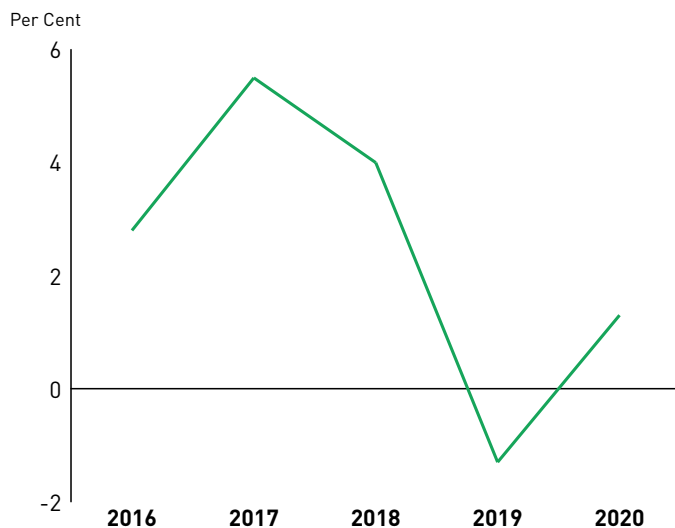
Real Value-Added per Actual Hour Worked

Overall labour productivity, as measured by real value-added per actual hour worked, increased by 4.0 per cent in the fourth quarter, extending the 2.2 per cent growth in the third quarter. During the quarter, the productivity of the manufacturing, accommodation, wholesale trade, retail trade, finance & insurance and information & communications sectors rose, while that of the transportation & storage, construction, administrative & support services, food & beverage services, professional services, real estate and other services sectors declined.

Collectively, the productivity of outward-oriented sectors increased by 6.1 per cent in the fourth quarter, while that of domestically-oriented sectors declined by 4.9 per cent over the same period.⁴

For the full year, real value-added per actual hour worked rose by 1.3 per cent, reversing the 1.3 per cent decline in 2019 (Exhibit 2.5). Across the sectors, manufacturing, wholesale trade and finance & insurance experienced the strongest growth in real value-added per actual hour worked (Exhibit 2.6).

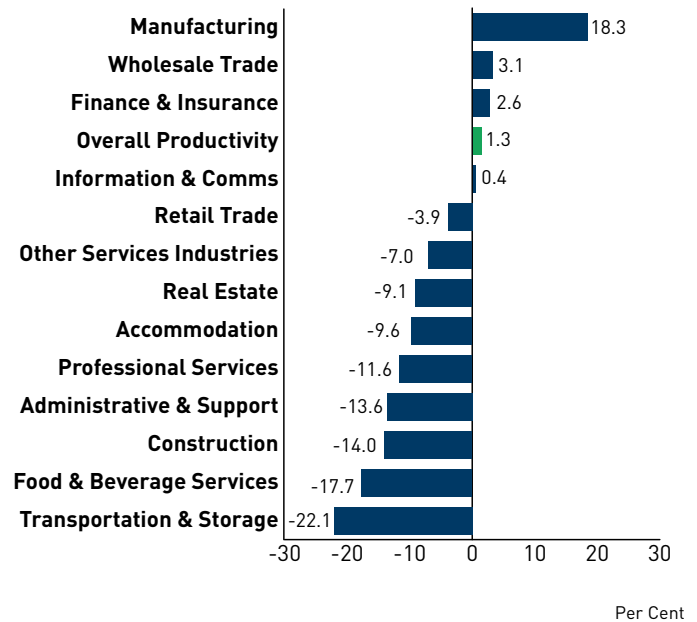
Exhibit 2.5: Changes in Value-Added per Actual Hour Worked for the Overall Economy



⁴ 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, real estate, administrative & support services and other services industries.

⁵ The Consumer Price Index (CPI) for all items fell by 0.2 per cent in 2020.

Exhibit 2.6: Changes in Value-Added per Actual Hour Worked by Industry in 2020



Real Value-Added per Worker

Real value-added per worker rose by 2.4 per cent in the fourth quarter, reversing the 2.5 per cent decline in the preceding quarter, as the fall in employment outpaced the contraction in real value-added.

For 2020 as a whole, real value-added per worker decreased by 3.4 per cent, extending the 0.2 per cent decline in 2019. The divergence between the two measures of productivity (real value-added per actual hour worked and real value-added per worker) was due to a fall in average actual hours worked per worker in 2020, against the backdrop of the Circuit Breaker measures implemented in the second quarter of the year and the subsequent gradual re-opening of the economy.

INCOME FROM WORK

Reflecting the impact of the COVID-19 pandemic, real and nominal median gross monthly income fell in 2020. The nominal median gross monthly income (including employer CPF contributions) of full-time employed residents dipped by 0.6 per cent to \$4,534 in 2020, compared to the increase of 2.8 per cent in 2019.

After adjusting for inflation which was negative in 2020, real median income fell by 0.4 per cent in 2020⁵, compared to the increase of 2.2 per cent in 2019.

Notwithstanding the decline in 2020, real median income rose over the last five years (i.e., 2015 to 2020) by 14 per cent cumulatively, or 2.6 per cent per annum. During this period, real income at the 20th percentile grew by 15 per cent cumulatively, or 2.9 per cent per annum (Exhibit 2.7).

Exhibit 2.7: Annualised Change in Real Gross Monthly Income from Work of Full-Time Employed Residents, 2015-2020

