Report on Wage Practices 2017

MINISTRY OF MANPOWER

Manpower Research and Statistics Department
Singapore

May 2018

COPYRIGHT NOTICE

© Manpower Research and Statistics Department
Ministry of Manpower
Republic of Singapore

All rights reserved. Further reproduction of this material is prohibited without the written permission of the copyright holder. Application to reproduce any part of this publication should be addressed to:

Director
Manpower Research and Statistics Department
Ministry of Manpower
18 Havelock Road #05-01
Singapore 059764
Republic of Singapore

Email: mom_rsd@mom.gov.sg

In citation, please credit the source when you extract and use the information/data from the publication.

MISSION

To provide timely and reliable

national statistical information on the labour market

to facilitate informed decision-making within the government and community-at-large

Statistical activities conducted by the Manpower Research and Statistics Department are governed by the provisions of the Statistics Act (Chapter 317). The Act guarantees the confidentiality of information collected from individuals and companies. It spells out the legislative authority and responsibility of the Director, Manpower Research and Statistics Department. The Statistics Act is available at www.singstat.gov.sg.

CONTENTS

Notations

-	:	nil or negligible
s	:	suppressed

Abbreviations

AVC	:	Annual Variable Component
AWS	:	Annual Wage Supplement
CPF	:	Central Provident Fund
CPI	:	Consumer Price Index
KPI	:	Key Performance Indicator
MOM	:	Ministry of Manpower
MTI	:	Ministry of Trade and Industry
MVC	:	Monthly Variable Component
NRAF	:	Non Rank-and-File
NWC	:	National Wages Council
RAF	:	Rank-and-File
SME	:	Small and Medium Establishment

HIGHLIGHTS

- As the economy picked up, a larger proportion of establishments raised wages, leading to more employees receiving wage increases. In addition, the proportion of profitable establishments declined at a slower pace than the previous years, and total wage increase was higher than a year ago. However, after accounting for positive inflation, real wage increase moderated.

- The proportion of profitable establishments declined from 76% in 2016 to 75% in 2017, at a slower pace than the previous three years. The proportion of profitable establishments rose in industries such as infocomm, and wholesale & retail trade, but declined in community, social & personal services and construction. Overall, this led to an increase in the proportion of employees who worked in profitable establishments. There were also a larger proportion of establishments with similar or higher profits than the previous year. Correspondingly, a larger proportion of employees were in such establishments in 2017 compared to 2016.

- More establishments raised their employee's wages in 2017 (65%) compared to 2016 (58%). The proportion of establishments that cut total wages fell, from 17% in 2016 to 12% in 2017. As a result, the proportion of employees who received a wage increase also rose from 75% to 78%. The average wage increase for this group of employees was higher in 2017 (5.1%) compared to 2016 (4.9%). The proportion of employees who received wage cuts decreased from 13% in 2016 to 10% in 2017. The average wage cut for them was lower in 2017 (-3.9%) compared to 2016 (-5.0%).

- Nominal total wages (including employer CPF contributions) in the private sector grew by 3.8% in 2017, higher than 3.1% in 2016. However, after accounting for the change in inflation from -0.5% in 2016 to 0.6% in 2017, real total wage growth was 3.2% in 2017, slightly lower than the 3.6% in 2016.

- In most industries, nominal total wage growth in 2017 was maintained at or higher than last year's levels. These industries include professional services, accommodation & food services, information & communications, financial & insurance, wholesale & retail trade, and manufacturing. The exceptions were transportation & storage, administrative & support services and real estate services.

- 62% of establishments with low-wage employees earning a monthly basic wage of up to $1,200 granted wage increases to these employees in 2017, up from 40% in 2016[1]. Among establishments with outsourced employees earning up to $1,200, 55% granted wage increases to these workers. The remaining 45% of establishments did not grant wage increments as they were constrained by contractual agreements, felt they were already paying market rates, or were not performing well. The basic wage increase for low-wage employees (8.9%) and outsourced low-wage workers (7.5%) continued to be higher than all rank-and-file workers in these establishments (5.4%).

[1] For employees earning up to $1,100 in basic wage.

- In line with the National Wage Council's (NWC) approach for employers to enhance flexibility in their wage structure for competitiveness which facilitates the sharing of productivity gains with workers, 88% of private sector employees now work in establishments that have some form of flexible wage system, broadly similar to previous years.[2]

[2] Having a narrow maximum-minimum salary ratio remained the most common wage recommendation adopted in December 2017. This was followed by linking variable bonus to Key Performance Indicators (KPI) and having the Monthly Variable Component (MVC) in the wage structure.

Report on Wage Practices 2017

1 Overview

1.1 As the economy picked up, a larger proportion of establishments raised wages, leading to more employees receiving wage increases. In addition, the proportion of profitable establishments declined at a slower pace than previous years, and total wage increase was higher than a year ago. However, after accounting for positive inflation, real wage increase moderated.

1.2 The findings are based on data from the Survey on Annual Wage Changes[3] which effectively covered 4,900 private establishments each with at least 10 employees. This yielded a survey response rate of 89%. The survey coverage and methodology are explained in Annex 2.

2 Background

2.1 Singapore's economy and labour market improved over the year in 2017. The Singapore economy grew by 3.6% in 2017, higher than the 2.4% a year ago. The growth was driven by the electronics and precision engineering clusters, transportation & storage, and financial & insurance sectors, while the construction sector contracted. As at the end of 2017, the unemployment rates in December were lower than a year ago.[4] Local employment growth in 2017 nearly doubled that in 2016, while retrenchments fell.

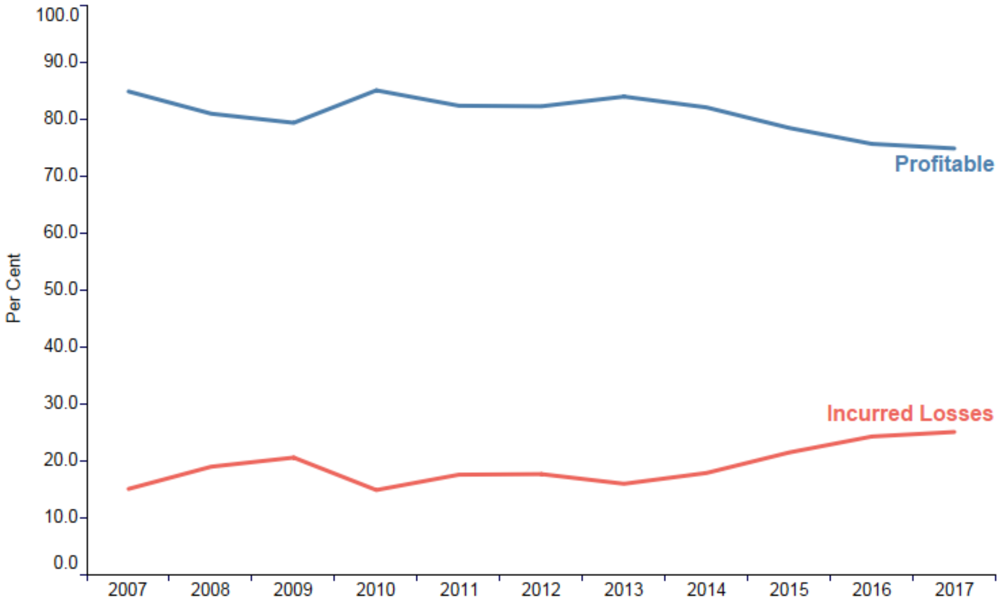
2.2 The proportion of profitable establishments continued to decline from 76% in 2016 to 75% in 2017. However, the pace of decline has slowed compared to the previous three years (Chart 1). The proportion of profitable establishments rose in industries such as information & communications and wholesale & retail trade, but declined in community, social & personal services and construction. Overall, this led to an increase in the proportion of employees who worked in profitable establishments.

[3] Data on annual wage change from the survey refer to the change in wages paid to full-time resident employees in continuous employment of at least one year. This is the only source that provides breakdown of total wage changes into changes in basic wages and bonuses for three categories of employees, namely the rank-and-file, junior management and senior management.

[4] The resident unemployment rate was 3.0% in December 2017 lower than the 3.2% in December 2016. Source: Labour Market Report 2017, MOM

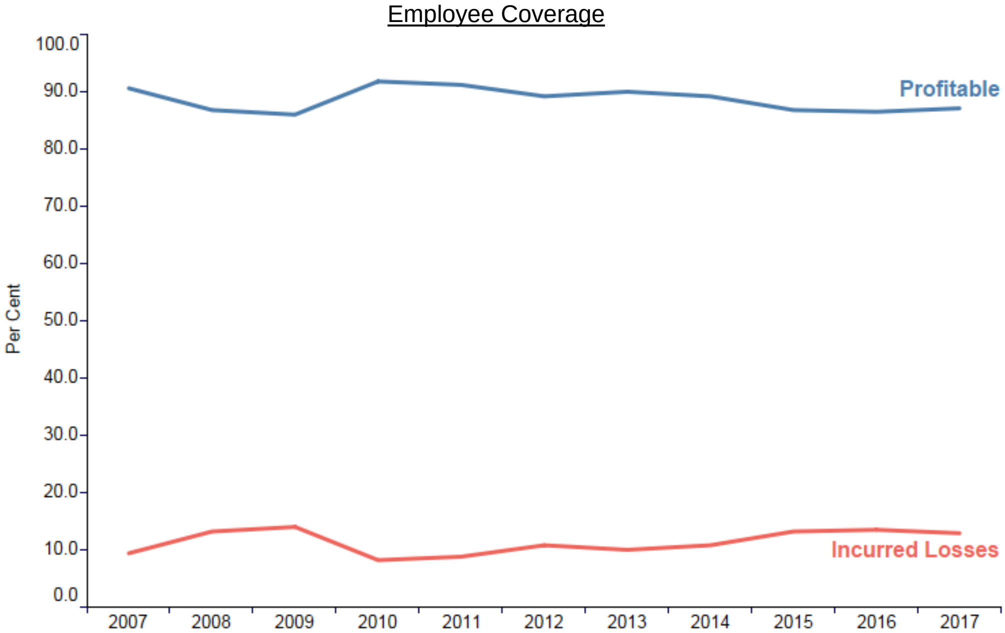
Chart 1: Distribution By Profit Status, 2007 – 2017

Establishments



	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Profitable	84.9	81.0	79.4	85.1	82.4	82.3	84.0	82.1	78.5	75.7	74.9
Incurred Losses	15.1	19.0	20.6	14.9	17.6	17.7	16.0	17.9	21.5	24.3	25.1

Employee Coverage



	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Profitable	90.6	86.8	86.0	91.8	91.2	89.2	90.0	89.2	86.8	86.5	87.1
Incurred Losses	9.4	13.2	14.0	8.2	8.8	10.8	10.0	10.8	13.2	13.5	12.9

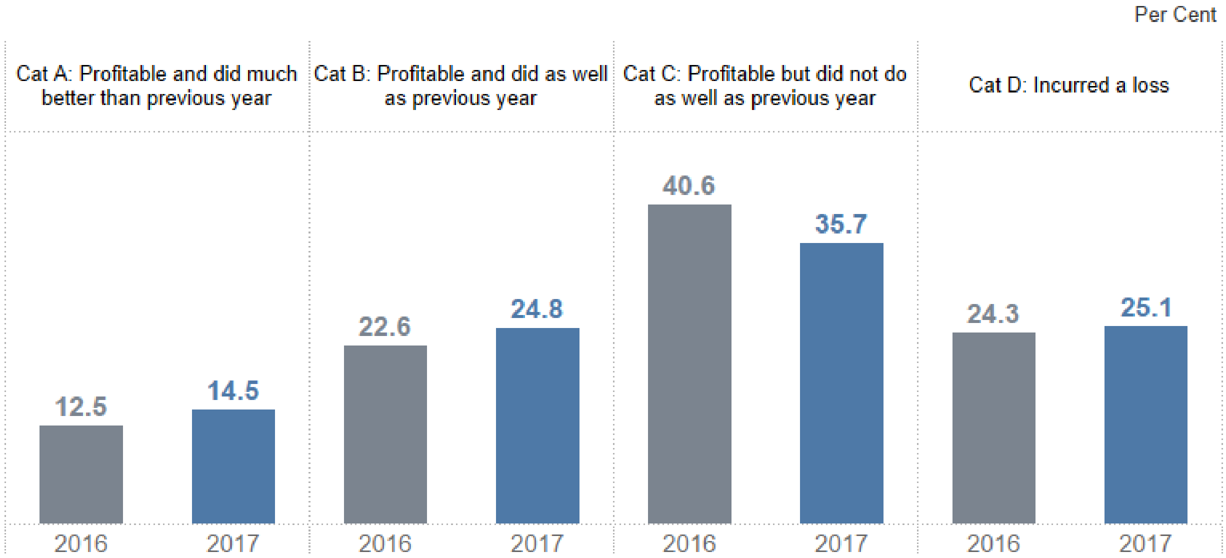
Source : Survey on Annual Wage Changes, Manpower Research and Statistics Department, MOM

Note: Based on private sector establishments that disclosed their profit status.

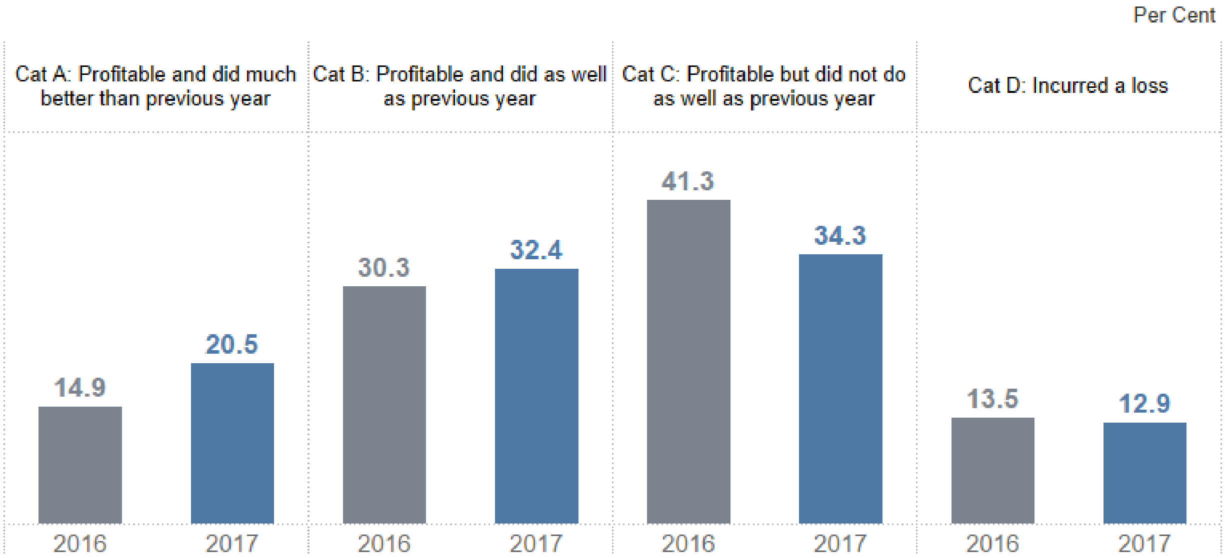
2.3 The decline in the proportion of profitable establishments was due to a smaller proportion that were profitable but performed worse than last year. In fact, the proportion of establishments that were profitable and did as well as or better than last year rose. The proportion of employees in such establishments also increased over the year (Chart 2).

Chart 2: Distribution By Detailed Profit Status, 2016 And 2017

Establishments



Employee Coverage



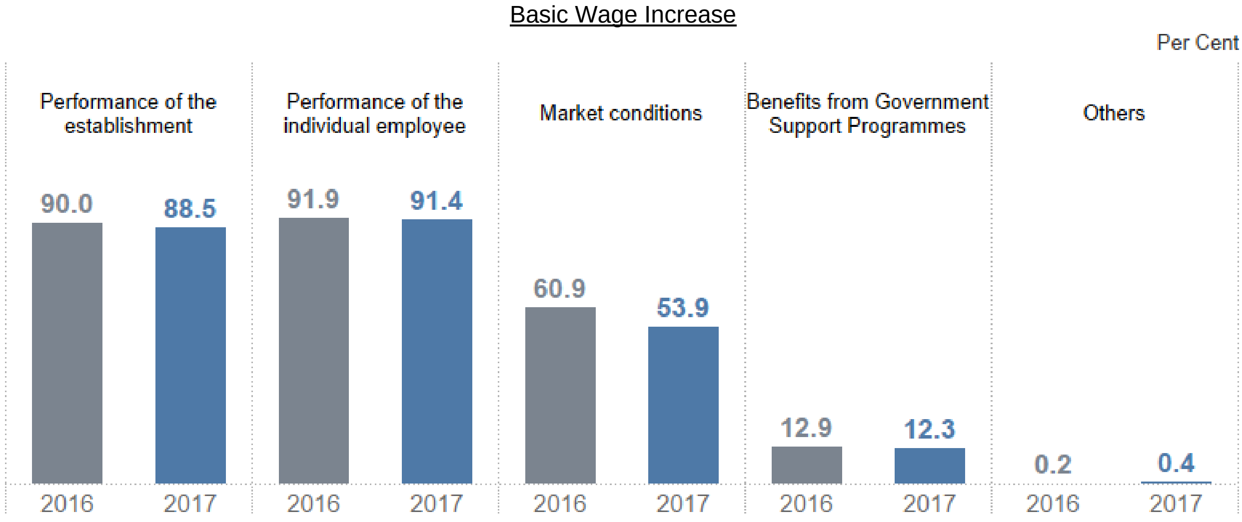
Source : Survey on Annual Wage Changes, Manpower Research and Statistics Department, MOM

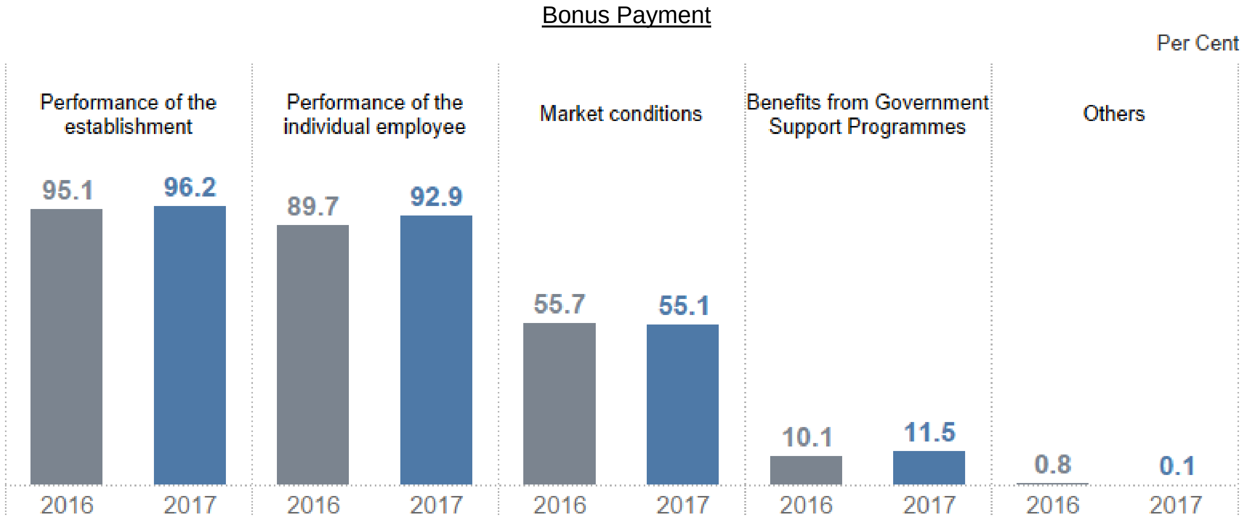
Notes: (1) Based on private sector establishments that disclosed their profit status in 2016 and 2017.
(2) Figures may not sum up to 100% due to rounding.
(3) Cat A to C are profitable establishments, while Cat D are loss-making establishments.

Establishment and employee performance continued to be main determinants of wage increases and bonuses

2.4 The majority of establishments continued to cite *establishment* and *employee performance* as determinants of wage increases and bonuses in 2017. Comparing 2017 with 2016, the proportion of establishments that considered *market conditions* and *establishment performance* as determinants of wage increases fell. More establishments indicated *employee* and *establishment performance* and *benefits from Government Support Programmes* as determinants of bonuses.

Chart 3: Proportion Of Establishments By Factors Considered When Determining Basic Wage Increases And Bonuses, 2016 And 2017





Source : Survey on Annual Wage Changes, Manpower Research and Statistics Department, MOM

Notes: (1) Based on private establishments that had basic wage increase and/or bonus payment in their wage structure respectively.
(2) For "Others", common responses given were that the bonuses were fixed in the employment contract.
(3) Figures will not sum up to 100% as multiple reasons were allowed.

Majority of employees were under a flexible and performance-based wage system

2.5 In line with the National Wages Council (NWC)'s approach for employers to share productivity gains fairly with workers and to enhance flexibility in their wage structure for competitiveness, 88%[5] of private sector employees now work in establishments that have some form of flexible wage system[6], broadly similar to previous years (Chart 4).

2.6 By establishment size, the proportion of employees working in small and medium establishments (SMEs) employing 25 to 199 employees covered by at least one flexible wage component rose from 77% in 2007 to 82% in 2017. Coverage rates for large establishments were consistently higher than SMEs, though they remained similar over time (89% in 2007 to 91% in 2017).

2.7 Having a narrow maximum-minimum salary ratio remained the most common wage recommendation adopted, covering 61% of private sector employees in 2017 (compared to 63% in 2016).[7] This was followed by linking variable bonus to Key Performance Indicators (KPI) (54%)[8] and having the Monthly Variable Component (MVC) (34%) in the wage structure. The average maximum-minimum salary ratio of rank-and-file (RAF) employees in the private sector (1.49) closed in on the 1.50 target, though still lower than that for the junior management (1.62). Details are in Annex 1.

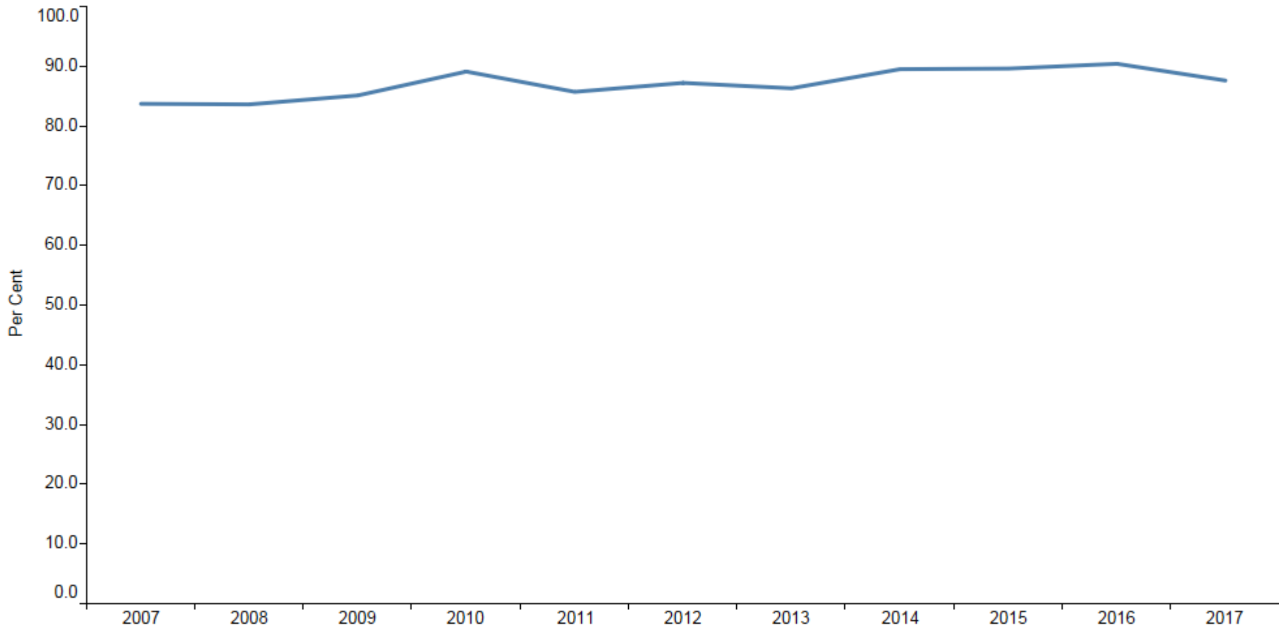
[5] 12% of private sector employees were not covered by any of the key wage recommendations. The bulk of them, representing 9.8% of all private sector employees, were working in establishments that were satisfied with their wage flexibility. See Annex 1 - Table 4.

[6] Data pertain to private sector establishments each with at least 25 employees and are for the month of December. Establishments are considered to have some form of flexible wage system when they have adopted at least one of the following key wage recommendations: (1) implement variable bonus linked to Key Performance Indicators (KPI); (2) introduce the Monthly Variable Component (MVC) in wage structure; (3) narrow the maximum-minimum salary ratio for the majority of their employees to average of 1.5 or less. The wage restructuring recommendations released in January 2004 were made by the Tripartite Taskforce on Wage Restructuring representing employers, workers and the government. Recognising that establishments may require different forms of wage flexibility to meet their specific circumstances, employers may choose to implement only the recommendations that are relevant to them.

[7] These employees worked in establishments that had narrowed/were narrowing their maximum-minimum salary ratio to 1.5 or less.

[8] In the survey, establishments are considered to have implemented variable bonus linked to KPI, if they have formulated and communicated to their employees, the KPI for the payment of the variable bonus. Examples of KPIs are establishment profitability or productivity indicators.

Chart 4: Proportion Of Employees Under Some Form Of Flexible Wage System, 2007 – 2017



2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
83.7	83.6	85.1	89.1	85.7	87.2	86.3	89.5	89.6	90.4	87.6

Source : Survey on Annual Wage Changes, Manpower Research and Statistics Department, MOM

More establishments raised total wages in 2017 than a year ago, resulting in a larger proportion of employees with an increase in total wage

2.8 The proportion of establishments that raised total wages in 2017 (65%) was higher than a year ago (58%).[9] As a result, 78% of employees received an increase in total wage in 2017, higher than the 75% in 2016. Their wage increase was slightly higher at 5.1% in 2017, compared with 4.9% in 2016.

2.9 On the other hand, the proportion of establishments that cut total wages in 2017 (12%) fell from 2016 (17%). The proportion of employees who received a wage cut also decreased from 13% in 2016 to 10% in 2017. The wage declines moderated to -3.9% in 2017, compared with -5.0% the year before. A similar proportion of employees kept wages unchanged (Chart 5).

2.10 Broadly similar findings were observed for basic wage changes (Annex 1 – Chart 1).

[9] The proportion of establishments that gave wage increases to their employees (2016: 58%, 2017: 65%) was lower than the proportion of profitable establishments (2016: 76%, 2017: 75%) as not all profitable establishments gave wage increases.

Chart 5.1: Distribution By Total Wage Change, 2016 And 2017

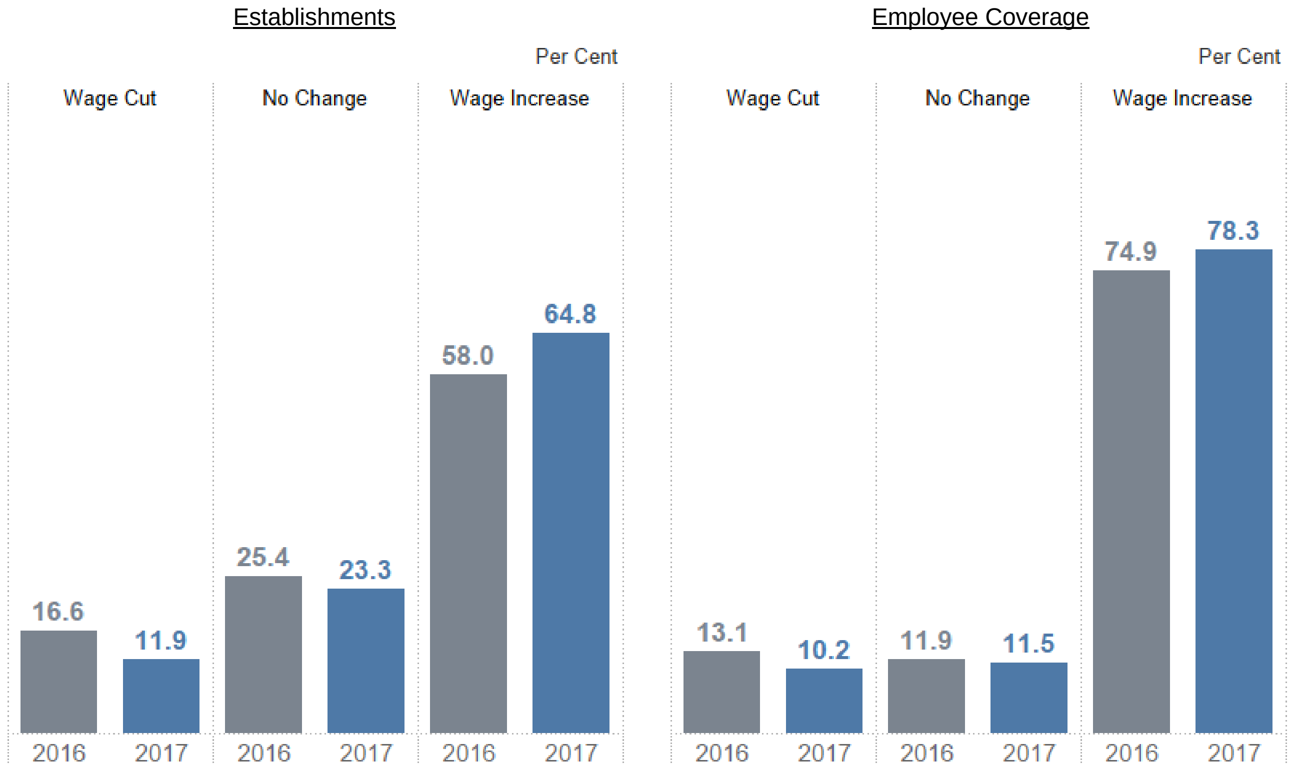
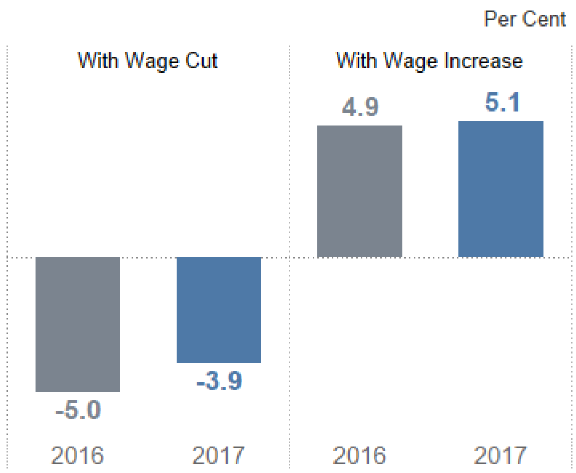


Chart 5.2: Extent of Total Wage Change Among Establishments, 2016 And 2017



Source : Survey on Annual Wage Changes, Manpower Research and Statistics Department, MOM

Note: Figures may not sum up to 100% due to rounding.

3 Wage Trends

Nominal wage growth was higher in 2017 than 2016, even though real wage growth moderated

3.1 Nominal total wages (including employer CPF contributions) in the private sector grew by 3.8% in 2017, higher than the 3.1% in 2016, as the economy improved.[10] The 2017 total wage growth stemmed from a 3.6% increase in basic wages. Bonus payments were 2.14 months of basic wage in 2017, compared with 2.16 months in 2016. When employer CPF contributions were excluded, total wage growth was also 3.8% in 2017.

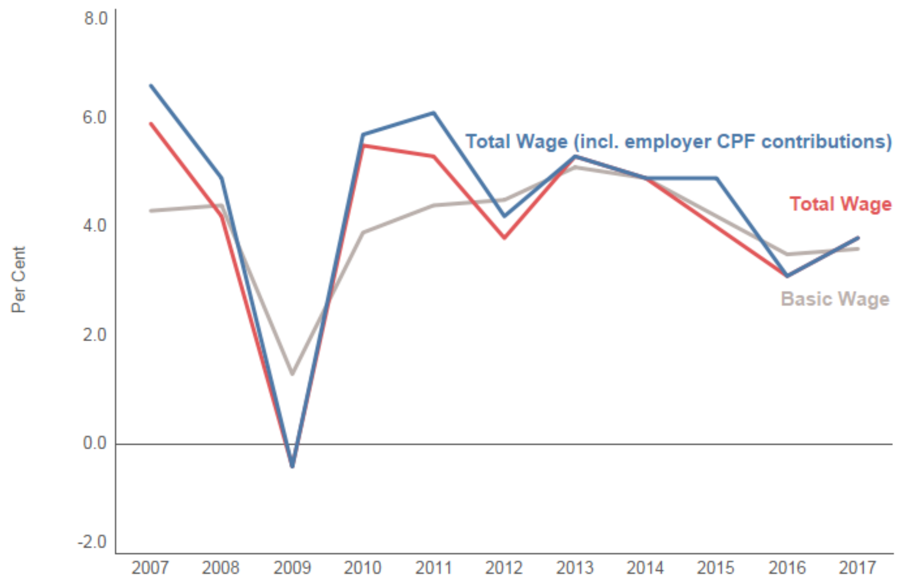
3.2 As inflation turned positive[11], real basic wages grew by 3.0%, slower than the 4.0% in 2016. Real total wages, both including and excluding CPF, also rose at a slower pace (Chart 6).

[10] The Singapore economy grew by 3.6% in 2017, faster than the 2.4% growth in 2016. The growth in 2017 was faster in the later half of the year (3Q 2017: 5.5% year-on-year growth, 4Q 2017: 3.6%) than in the earlier half (1Q 2017: 2.5%, 2Q 2017: 2.8%). Source: Ministry of Trade & Industry.

[11] Singapore transitioned from a 0.5% deflation in 2016 to a 0.6% inflation in 2017, as measured by the Consumer Price Index (CPI) for all items. Real total wages excluding employer CPF contributions rose by 3.2% in 2017, down from the 3.6% increase in 2016.

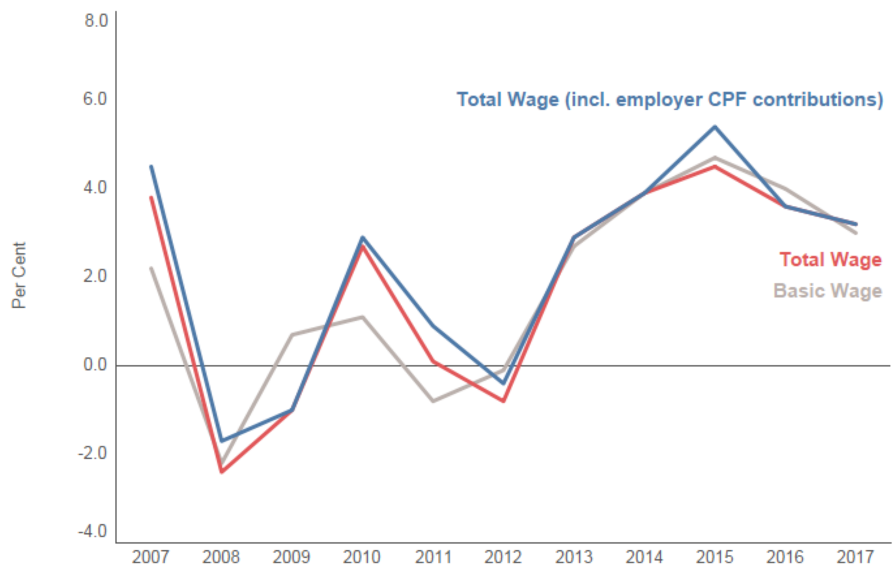
Chart 6: Annual Change In Total And Basic Wages, 2007 – 2017

Nominal



	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Total Wage (incl. employer CPF contributions)	6.6	4.9	-0.4	5.7	6.1	4.2	5.3	4.9	4.9	3.1	3.8
Total Wage	5.9	4.2	-0.4	5.5	5.3	3.8	5.3	4.9	4.0	3.1	3.8
Basic Wage	4.3	4.4	1.3	3.9	4.4	4.5	5.1	4.9	4.2	3.5	3.6

Real*

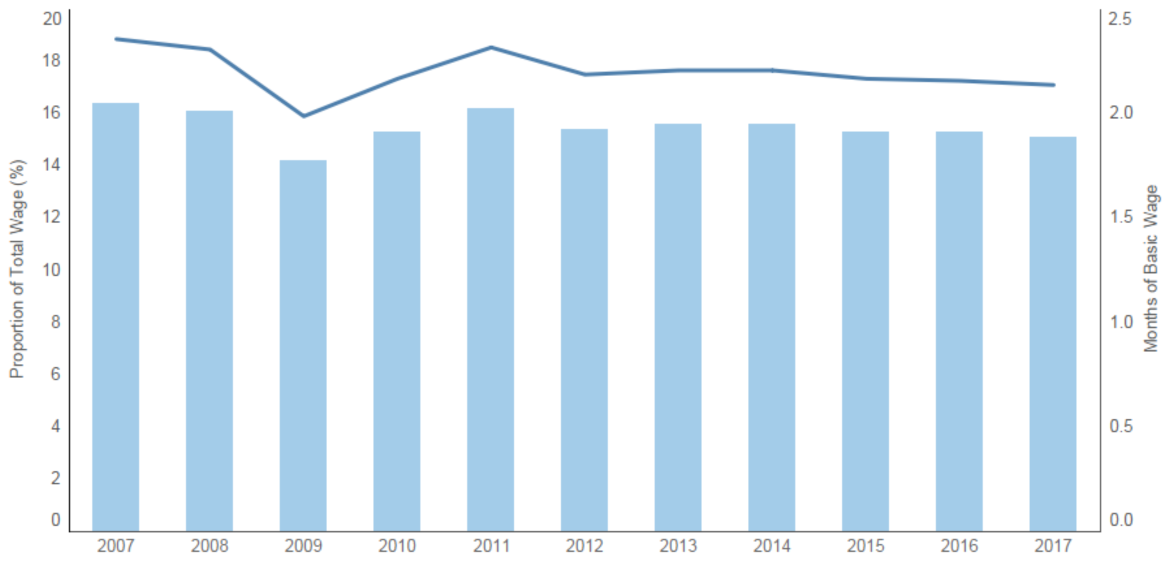


	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Total Wage (incl. employer CPF contributions)	4.5	-1.7	-1.0	2.9	0.9	-0.4	2.9	3.9	5.4	3.6	3.2
Total Wage	3.8	-2.4	-1.0	2.7	0.1	-0.8	2.9	3.9	4.5	3.6	3.2
Basic Wage	2.2	-2.2	0.7	1.1	-0.8	-0.1	2.7	3.9	4.7	4.0	3.0

Source : Survey on Annual Wage Changes, Manpower Research and Statistics Department, MOM

Note: * – Deflated by Consumer Price Index (CPI) for all items at 2014 prices (2014 = 100).

Chart 7: Annual Variable Component, 2007 – 2017

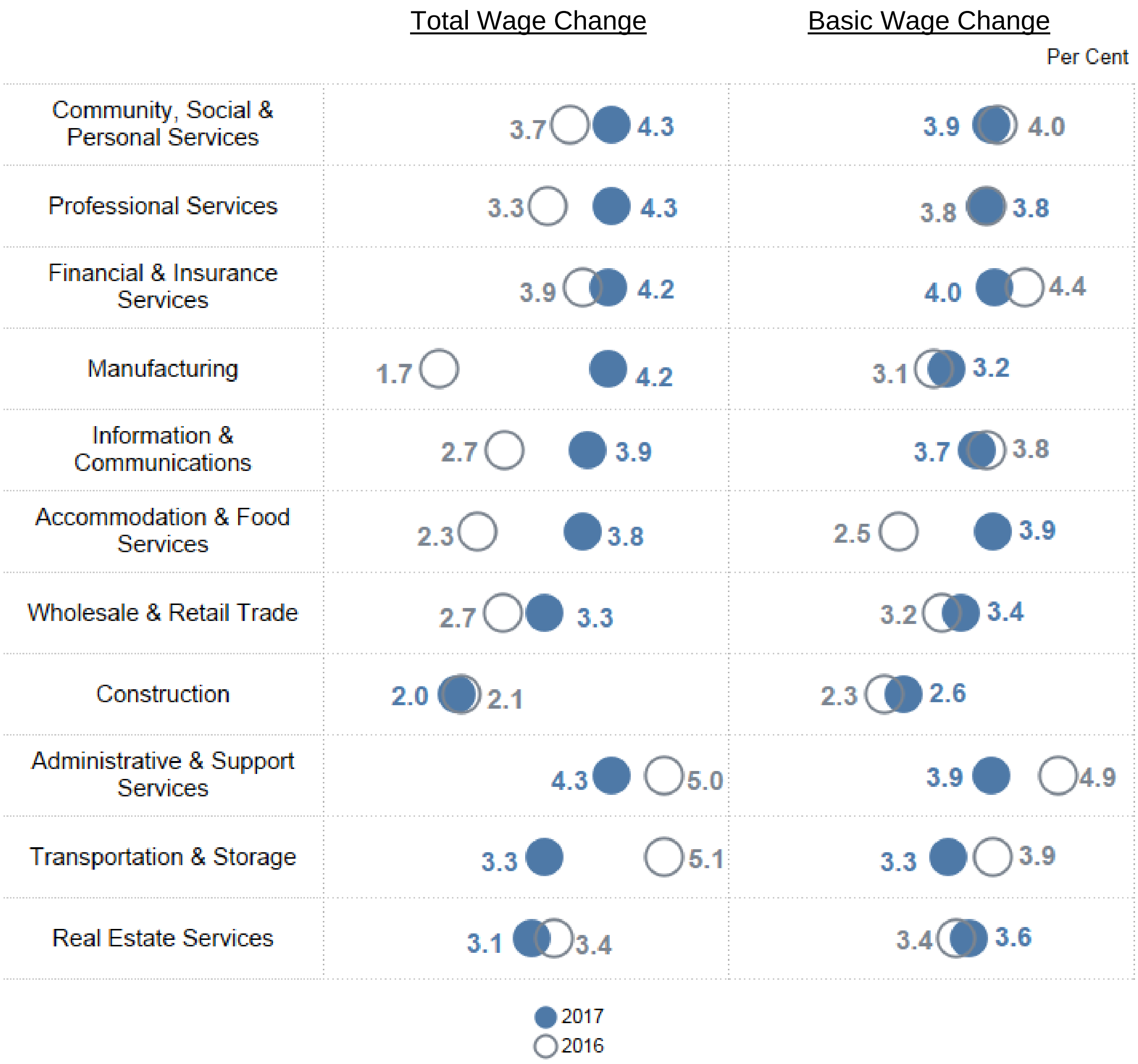


	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Months of Basic Wage	2.36	2.31	1.99	2.17	2.32	2.19	2.21	2.21	2.17	2.16	2.14
Proportion of Total Wage (%)	16.4	16.1	14.2	15.3	16.2	15.4	15.6	15.6	15.3	15.3	15.1

Source : Survey on Annual Wage Changes, Manpower Research and Statistics Department, MOM

3.3 In most industries, nominal total wage growth in 2017 was maintained at or higher than last year's levels. These industries include professional services, accommodation & food services, information & communications, financial & insurance, wholesale & retail trade, and manufacturing. The exceptions were transportation & storage, administrative & support services and real estate services, where the moderations in wage growth were mainly among rank-and-file and junior management employees (Chart 8).

Chart 8: Wage Change By Industry, 2016 And 2017



Source : Survey on Annual Wage Changes, Manpower Research and Statistics Department, MOM

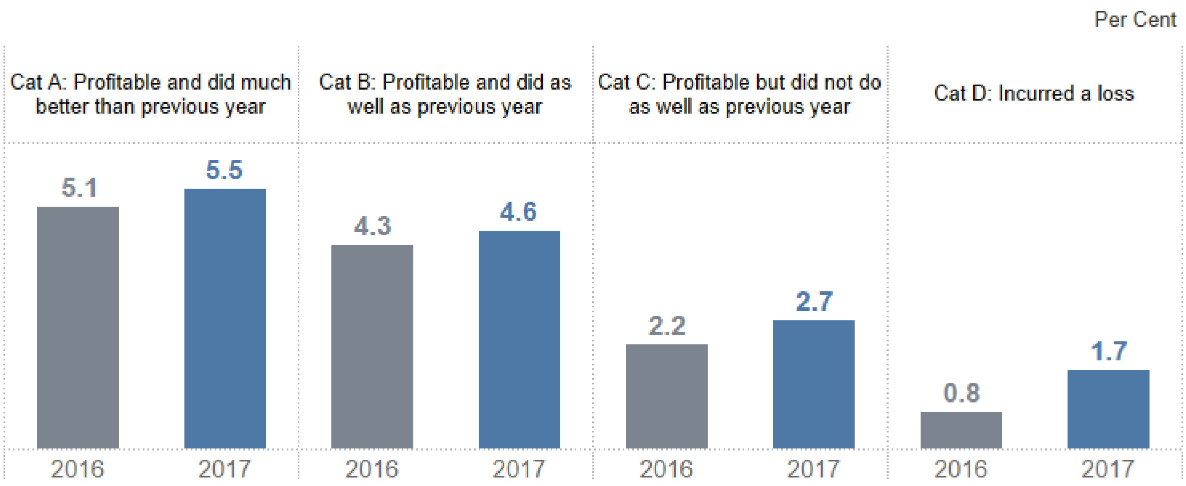
4 Wage Change and Profitability

Wage increases remained closely tied to profitability; higher total wage increases across establishments, regardless of profit status

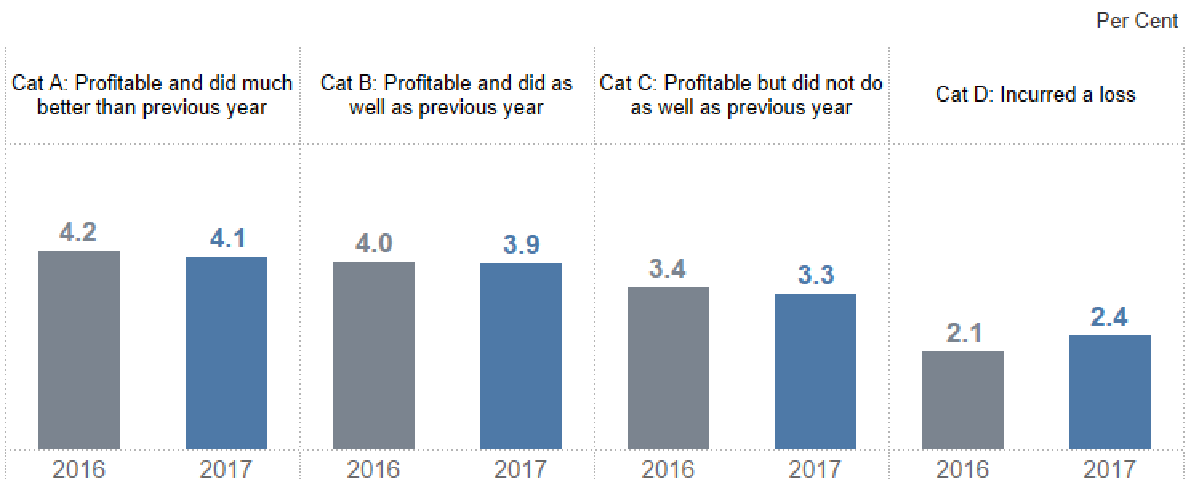
4.1 Establishments which were more profitable continued to give higher wage increases than loss-making ones (Chart 9). Profitable establishments also gave larger bonuses of at least 2 months in quantum compared with the 1.04 months given by loss-making establishments (Chart 10).

Chart 9: Wage Change By Detailed Profit Status, 2016 And 2017

Total Wage Change



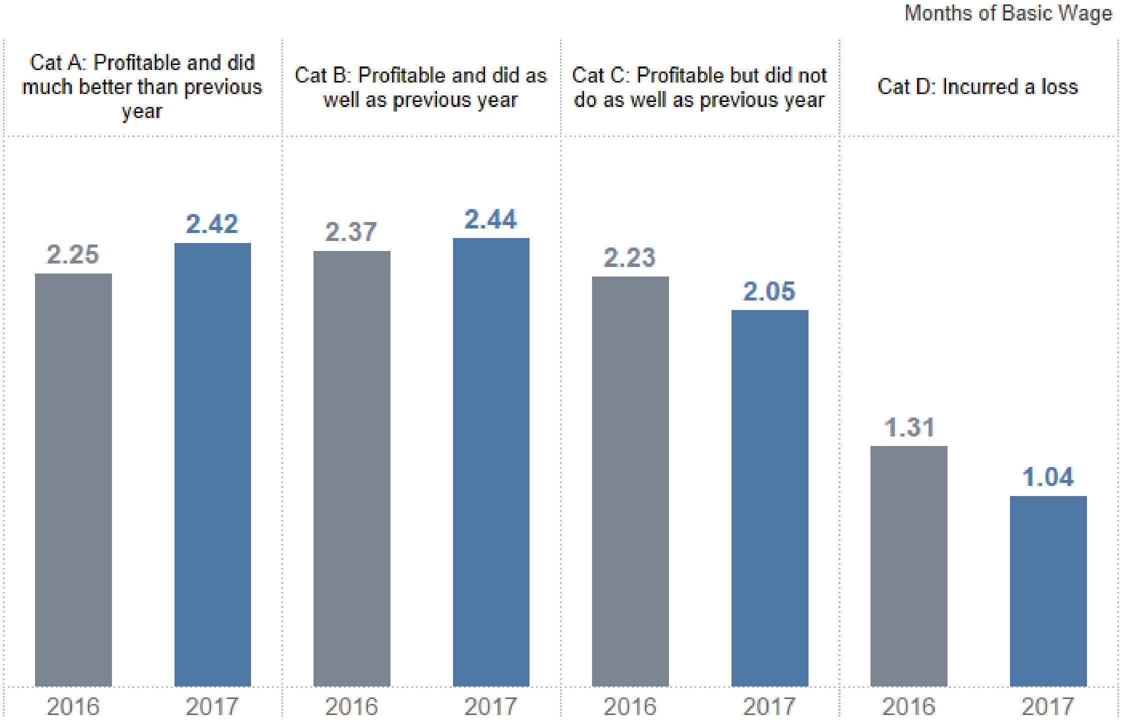
Basic Wage Change



Source : Survey on Annual Wage Changes, Manpower Research and Statistics Department, MOM

Notes: (1) Based on private sector establishments that disclosed their profit status in 2016 and 2017.
(2) Cat A to C pertain to profitable establishments, while Cat D pertain to loss-making establishments.

Chart 10: Annual Variable Component By Detailed Profit Status, 2016 And 2017



Source : Survey on Annual Wage Changes, Manpower Research and Statistics Department, MOM

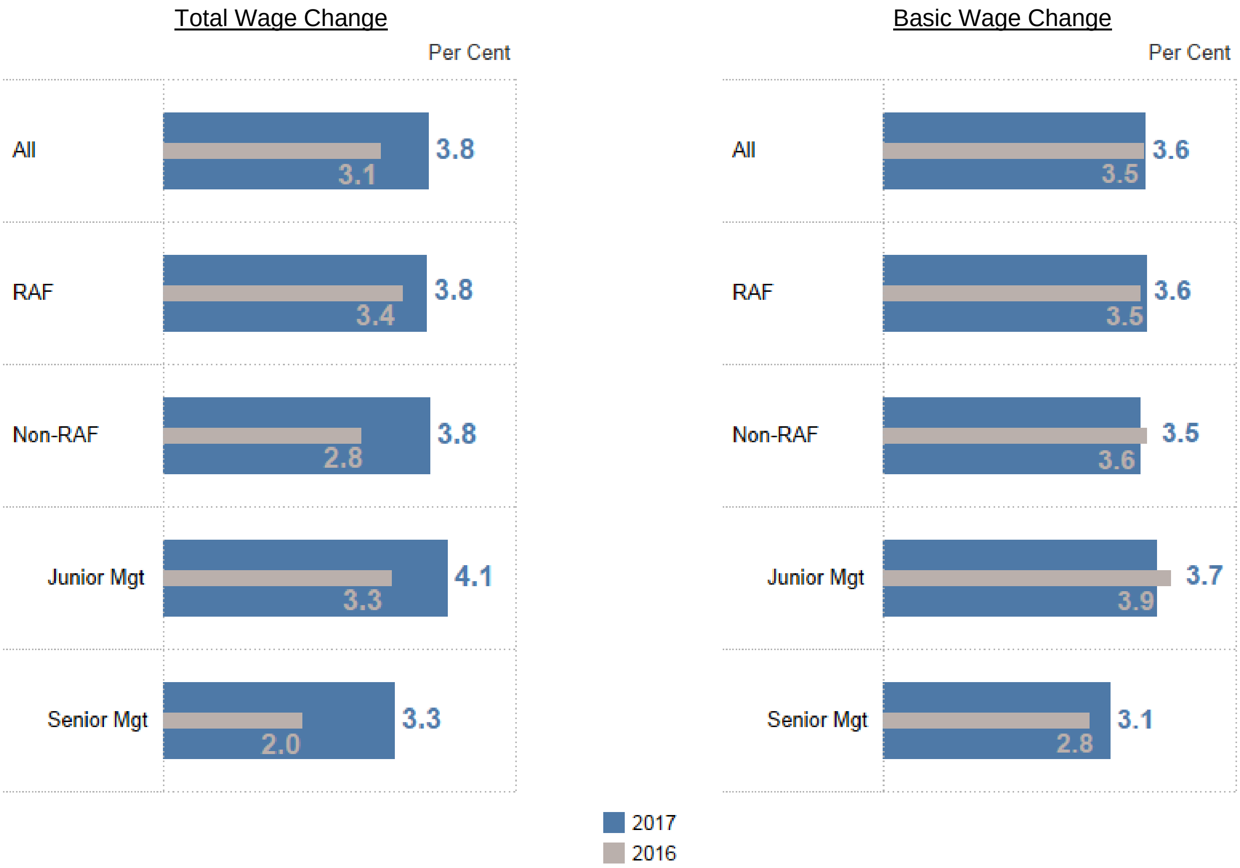
Notes: (1) Based on private sector establishments that disclosed their profitability status in 2016 and 2017.
(2) Cat A to C pertain to profitable establishments, while Cat D pertain to loss-making establishments.

5 Wage Changes by Type of Employees

Total wage growth among RAF employees similar to that of non-RAF in 2017

5.1 Wages rose for rank-and-file (RAF) employees, junior management and senior management in 2017. All three categories of employees saw total wages increase faster in 2017 than a year ago. This was broad-based across most industries (Annex 1 – Table 1).[12] As total wage increments of junior management employees outpaced that of RAF counterparts, the total wage growth among junior management (4.1%) was higher compared with RAF employees (3.8%) (Chart 11). Nonetheless, the total wage growth of senior management employees (3.3%) continued to lag RAF counterparts in 2017. On balance, the total wage growth of RAF employees was on par with non-RAF employees. This was unlike the advantage that RAF employees had over non-RAF employees in 2016. Their basic wage growths in 2017 were also comparable.

Chart 11: Wage Change By Type Of Employees, 2016 And 2017



Source : Survey on Annual Wage Changes, Manpower Research and Statistics Department, MOM

Note: RAF refers to rank-and-file. Non-RAF comprise junior and senior management.

[12] Some sectors did not see higher wage growth in 2017 than 2016. For example, non-RAF employees in construction, RAF employees in administrative & support services and transportation & storage, and both RAF and non-RAF employees in real estate services saw moderation in wage growth.

6 Wage Increases for Low-Wage Employees

6.1 Starting from its 2012/2013 guidelines, the National Wages Council (NWC) gave focus to low-wage workers with quantitative wage recommendations for those earning at or below a basic monthly wage threshold (Table 1).

Table 1: Quantitative Wage Recommendations for Low-Wage Employees

Period of Guidelines	Basic Monthly Wage Threshold	Recommended Built-in Wage Increase
2012/2013	$1,000	At least $50
2013/2014	$1,000	At least $60
2014/2015	$1,000	At least $60
2015/2016	$1,100	At least $60
2016/2017	$1,100	$50 to $65
2017/2018	$1,200	$45 to $60

Adoption rates of NWC's quantitative guidelines rose in 2017, highest since 2013

6.2 The proportion of establishments that adopted[13] the NWC quantitative guidelines in 2017 rose significantly (2016: 21%, 2017: 48%).[14] Most of the increase came from establishments that gave more than $65 (2016: 11%, 2017: 39%).[15] Smaller proportion gave other forms of wage increases[16] (10%, 5.7%) or gave an increase that was less than the recommended quantum (5.8%, 4.7%), while the proportion that had not decided on the details were largely similar (3.0%, 3.2%). Overall, 62% of private establishments with employees earning basic monthly wage of up to $1,200 gave wage increases[17] to these employees in 2017, the highest since 2013 (Chart 12).

6.3 Among establishments that did not grant wage increases to workers earning up to $1,200, top reasons cited were poor business (16%) and already paying market rate (15%). There were also some concerns over the impact on business/wage costs (6.5%), poor employee performance (3.9%) or constraints under existing contracts with clients (1.5%) (Chart 13).

---

[13] Establishments that adopted the NWC quantitative guidelines gave increments equal to or more than the NWC's recommended built-in wage increase.

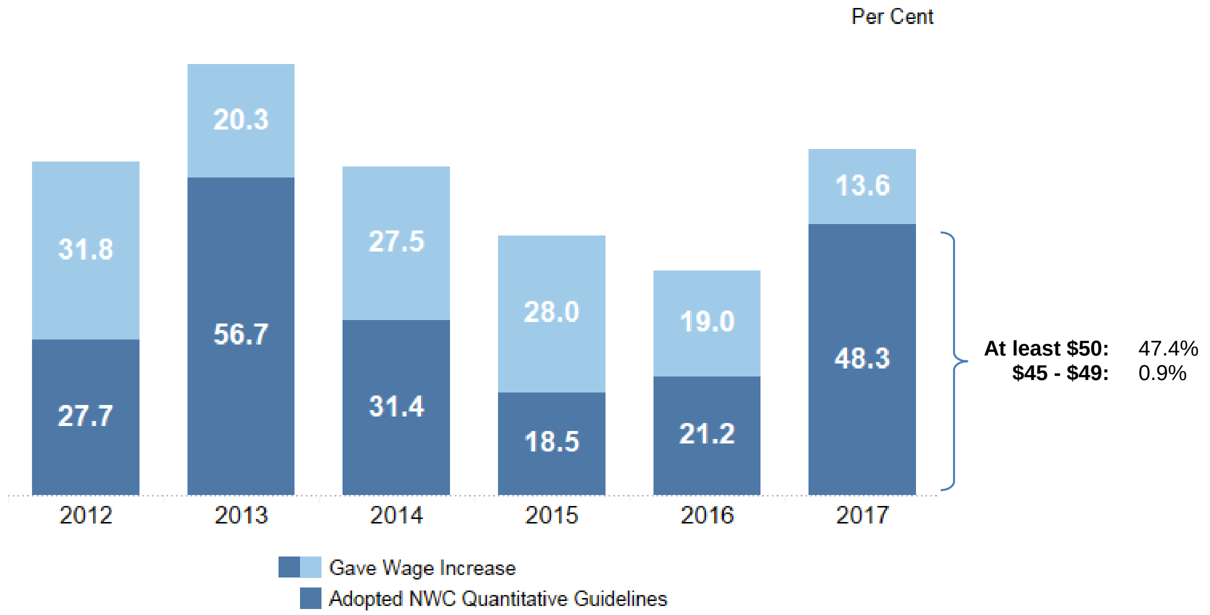
[14] Over the year, the proportion of full-time resident employees earning a basic monthly wage of up to $1,200 (2017/2018's recommended threshold) is estimated to have decreased from 8.1% in 2016 to 7.7% in 2017. Corresponding proportions for those earning up to $1,100 were 5.7% in 2016 to 5.3% in 2017. Source: Comprehensive Labour Force Survey and Occupational Wage Survey, Manpower Research and Statistics Department, MOM

[15] The strong increase in adoption rates in 2017 could have reflected establishments' considerations in giving basic wage increases to meet the increased salary threshold (from $1,000 to $1,100) that qualifies as a local full-time equivalent worker, effected from 1 July 2017 onwards.

[16] Other forms of wage increase comprise one-off special payment, additional bonus and/or additional allowance.

[17] Establishments that gave wage increases either gave basic wage increases, or had not decided on details, or gave other forms of wage increases.

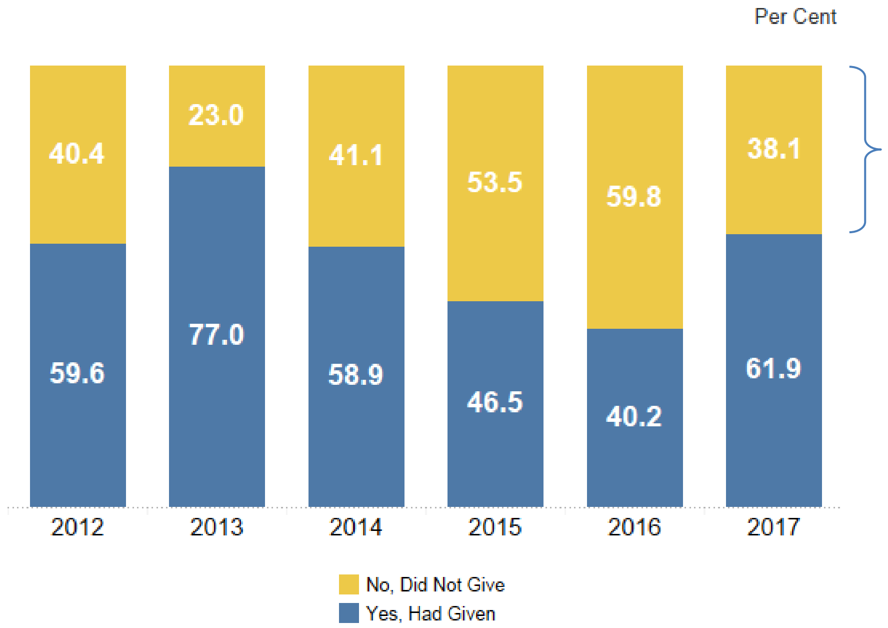
Chart 12: Proportion of Establishments That Gave Wage Increase to Employees Earning At or Below Basic Monthly Wage Threshold, 2012 to 2017



Source : Survey on Annual Wage Changes, Manpower Research and Statistics Department, MOM

Note: Based on private sector establishments with employees earning basic monthly wage of $1,000 (2012 to 2014)/ $1,100 (2015 and 2016)/$1,200 (2017) and below. The corresponding NWC recommended quantums were at least $50 (2012)/ at least $60 (2013 to 2015)/ $50 to $65 (2016)/ $45 to $60 (2017).

Chart 13: Distribution Of Establishments By Whether They Gave Wage Increase To Employees Earning At or Below Basic Monthly Wage Threshold, 2012 to 2017



Reasons for not giving wage increase*	
Estab not performing well	16.2
Already paying market rate	15.2
Business/ wage costs will be impacted	6.5
Poor employee performance	3.9
Wages locked-in under contracts signed with clients	1.5

Source : Survey on Annual Wage Changes, Manpower Research and Statistics Department, MOM

Notes: (1) Based on private sector establishments with employees earning basic monthly wage of $1,000 (2012 to 2014)/ $1,100 (2015 and 2016)/$1,200 (2017) and below. The corresponding NWC recommended quantums were at least $50 (2012)/ at least $60 (2013 to 2015)/ $50 to $65 (2016)/ $45 to $60 (2017).

(2) * — Figures for reasons for not providing wage increase to these employees will not sum up as multiple reasons were allowed. The residual 'other reasons' is not reflected in the table.

Establishments that were more likely to give built-in wage increase tended to be profitable

6.4 The proportion of profitable (in Category A to C) establishments which gave wage increases to employees earning up to $1,200 was higher than loss-making (Category D) ones. Profitable establishments were also more likely to give at least $45 built-in wage increase (Table 2).

Accommodation & food services, community, social & personal services and wholesale & retail trade led in giving NWC's recommended built-in wage increase

6.5 Industries such as *accommodation & food services* (66%), *community, social & personal services* (54%) and *wholesale & retail trade* (52%) were most proactive in adopting the NWC recommendation for low-wage employees in 2017. The adoption rates in 2017 were higher than the corresponding rates for 2016 across industries.

Table 2: Distribution Of Establishments By Whether They Gave Wage Increase To Employees Earning Basic Monthly Wage Of $1,200 And Below, 2017

Per Cent

Estab	Yes						No
	Sub-Total	Had Given Basic Wage Increase	Quantum		Not Yet Decided On Details	Provided other forms of wage increase*	
			Less than $45	$45 & More			
Total	61.9	53.0	4.7	48.3	3.2	5.7	38.1
By Profit Status							
Cat A	64.8	53.9	3.8	50.0	3.8	7.1	35.2
Cat B	64.0	55.6	6.6	49.1	1.9	6.4	36.0
Cat C	64.1	55.5	4.6	50.9	3.0	5.5	35.9
Cat D	55.4	46.3	3.4	42.9	4.3	4.8	44.6
By Industry							
Manufacturing	58.3	45.9	5.9	40.0	4.9	7.5	41.7
Construction	53.2	39.6	3.0	36.6	7.7	5.8	46.8
Services	65.0	57.9	4.8	53.1	1.7	5.4	35.0
Wholesale & Retail Trade	63.4	54.0	2.2	51.8	1.5	7.9	36.6
Transportation & Storage	43.5	36.5	5.2	31.3	1.6	5.4	56.5
Accommodation & Food Services	74.0	68.4	2.1	66.3	1.2	4.4	26.0
Information & Communications	s	s	s	s	s	s	s
Financial & Insurance Services	s	s	s	s	s	s	s
Real Estate Services	s	s	s	s	s	s	s
Professional Services	55.2	51.0	18.8	32.3	2.6	1.6	44.8
Administrative & Support Services	62.4	55.6	7.3	48.3	2.5	4.3	37.6
Community, Social & Personal Services	68.7	64.3	10.1	54.2	2.5	2.0	31.3

Source : Survey on Annual Wage Changes, Manpower Research and Statistics Department, MOM

Notes: (1) Based on private sector establishments with employees earning basic monthly wage of $1,200 and below.
(2) * — Other forms of wage increase include one-off special payment, additional bonus and/or additional allowance.
(3) s: Data suppressed due to small number covered.
(4) Cat A to C pertain to profitable establishments, while Cat D pertain to loss-making establishments.

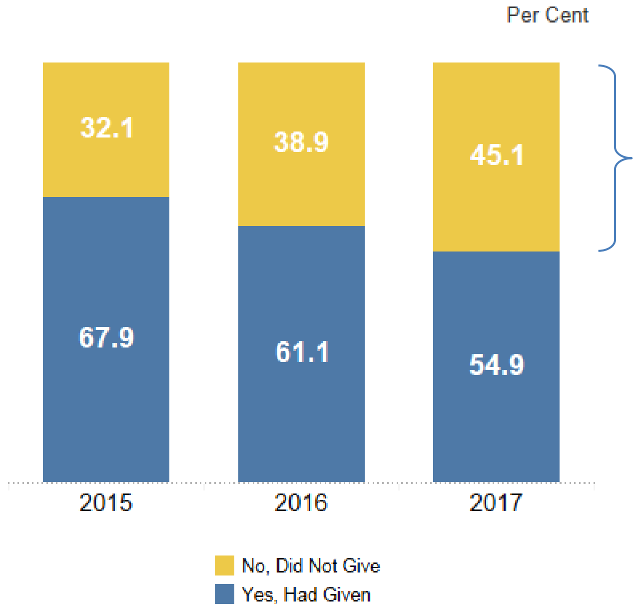
Among establishments with employees performing outsourced work and earning basic monthly wage of up to $1,200, 44% adopted NWC's recommendation in 2017

6.6 Recognising that many low-wage workers are employed under outsourced service contracts, the NWC specifically urged employers and service buyers to make special efforts to incorporate NWC wage recommendations into the contracts of these workers.

6.7 55% of private establishments with outsourced employees earning up to $1,200 gave wage increases to these employees in 2017, down from the 61% in 2016 and 68% in 2015, when the recommendation was first announced. Adoption rates fell to 44% in 2017 from 49% in 2016 (Charts 14 and 15).[18] *Administrative & support services* which hired the majority (85%) of such outsourced low-wage employees had an adoption rate of 52% in 2017.

6.8 Among the establishments that did not grant wage increases to these workers (45%), many were constrained by contractual agreements (16%), or felt they were already paying market rate (16%) or establishment was not performing well (15%).

Chart 14: Distribution Of Establishments By Whether They Gave Wage Increase To Employees Performing Outsourced Work And Earning At or Below Basic Monthly Wage Threshold, 2015 to 2017



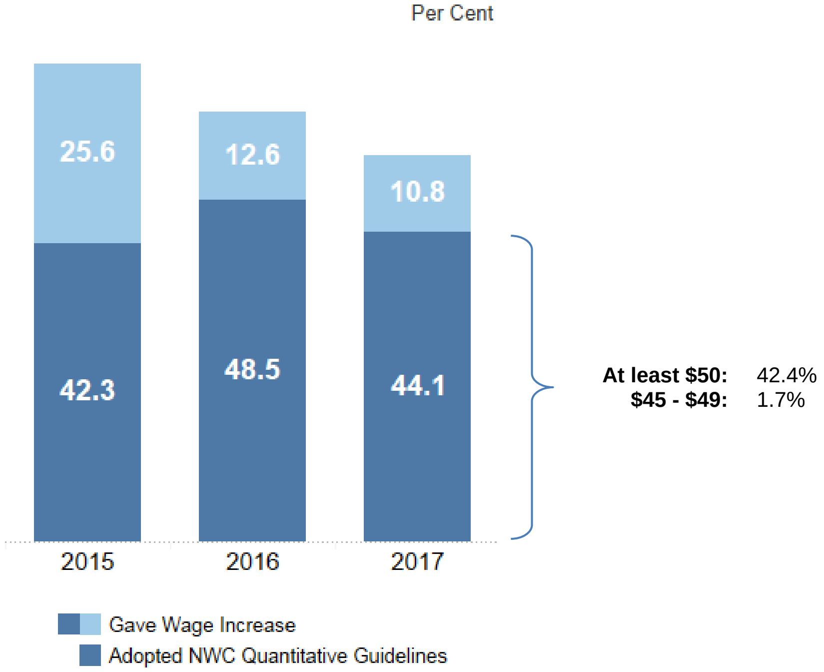
Reasons for not giving wage increase*	
Wages locked-in under contracts signed with clients	16.3
Already paying market rate	16.2
Estab not performing well	14.6
Business/ wage costs will be impacted	7.3
Poor employee performance	3.5

Source : Survey on Annual Wage Changes, Manpower Research and Statistics Department, MOM

Notes: (1) Based on private sector establishments with outsourced employees earning basic monthly wage of $1,100 (2015 and 2016)/$1,200 (2017) and below. The corresponding NWC recommended quantums were at least $60 (2015)/ $50 to $65 (2016)/ $45 to $60 (2017).
(2) * Figures for reasons for not providing wage increase to these employees will not sum up as multiple reasons were allowed. The residual 'other reasons' is not reflected in the table.

[18] Fewer establishments gave an increase that was less than the recommended quantum (7.9% in 2016, 2.0% in 2017), while the proportion of establishments that gave other forms of wage increases (2.8%, 4.1%) or had not decided on the details rose (2.0%, 4.7%).

Chart 15: Proportion Of Establishments That Gave Wage Increase To Employees Performing Outsourced Work And Earning At or Below Basic Monthly Wage Threshold, 2015 to 2017



Source : Survey on Annual Wage Changes, Manpower Research and Statistics Department, MOM

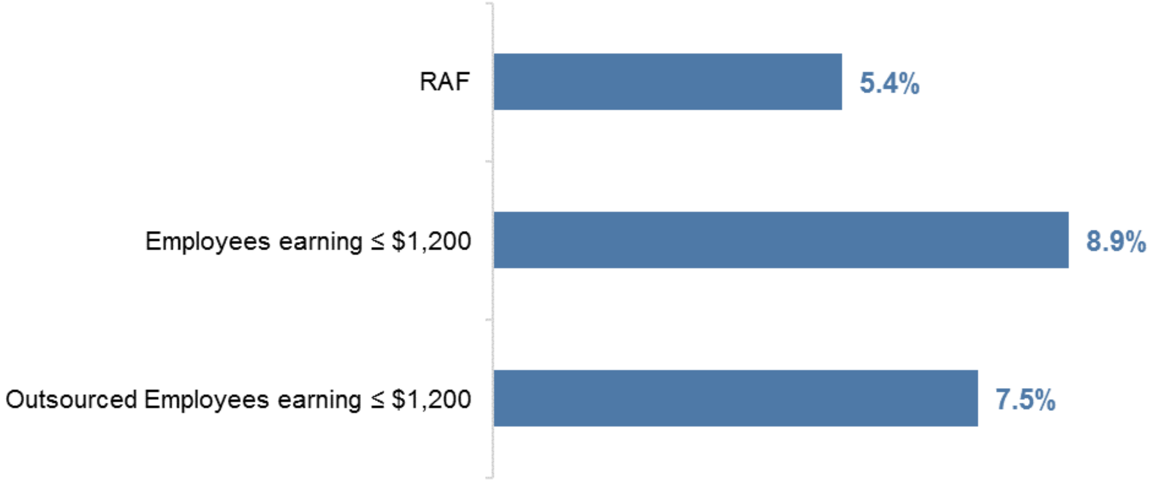
Note: Based on private sector establishments with outsourced employees earning basic monthly wage of $1,100 (2015 and 2016)/ $1,200 (2017) and below. The corresponding NWC recommended quantums were at least $60 (2015)/ $50 to $65 (2016)/ $45 to $60 (2017).

Regular and outsourced low-wage workers received higher wage increases than RAF employees

6.9 Among low-wage employees[19] who were given built-in wage increase in 2017, regular low-wage employees received higher payouts (median: $100, mean: $90) than low-wage employees on outsourced service contracts (median: $64, mean: $77) (Annex – Table 12). Nonetheless, both low-wage employees (8.9%) and outsourced low-wage workers (7.5%) enjoyed higher basic wage gains (mean) than all RAF in these establishments (5.4%) (Chart 16).

[19] Earning basic monthly wage of up to $1,200

Chart 16: Quantum Of Built-In Wage Increase For RAF and Employees Earning Basic Monthly Wage of $1,200 & Below, 2017



Source : Survey on Annual Wage Changes, Manpower Research and Statistics Department, MOM

Notes: (1) Data for employees earning ≤ $1,200 and RAF are based on establishments with employees earning basic monthly wage of $1,200 and below and gave built-in wage increase to these employees in 2017.

(2) Data for outsourced employees earning ≤ $1,200 are based on establishments with outsourced employees earning basic monthly wage of $1,200 and below and gave built-in wage increase to these employees in 2017.

Annex 1

Chart 1.1: Distribution By Basic Wage Change, 2016 And 2017

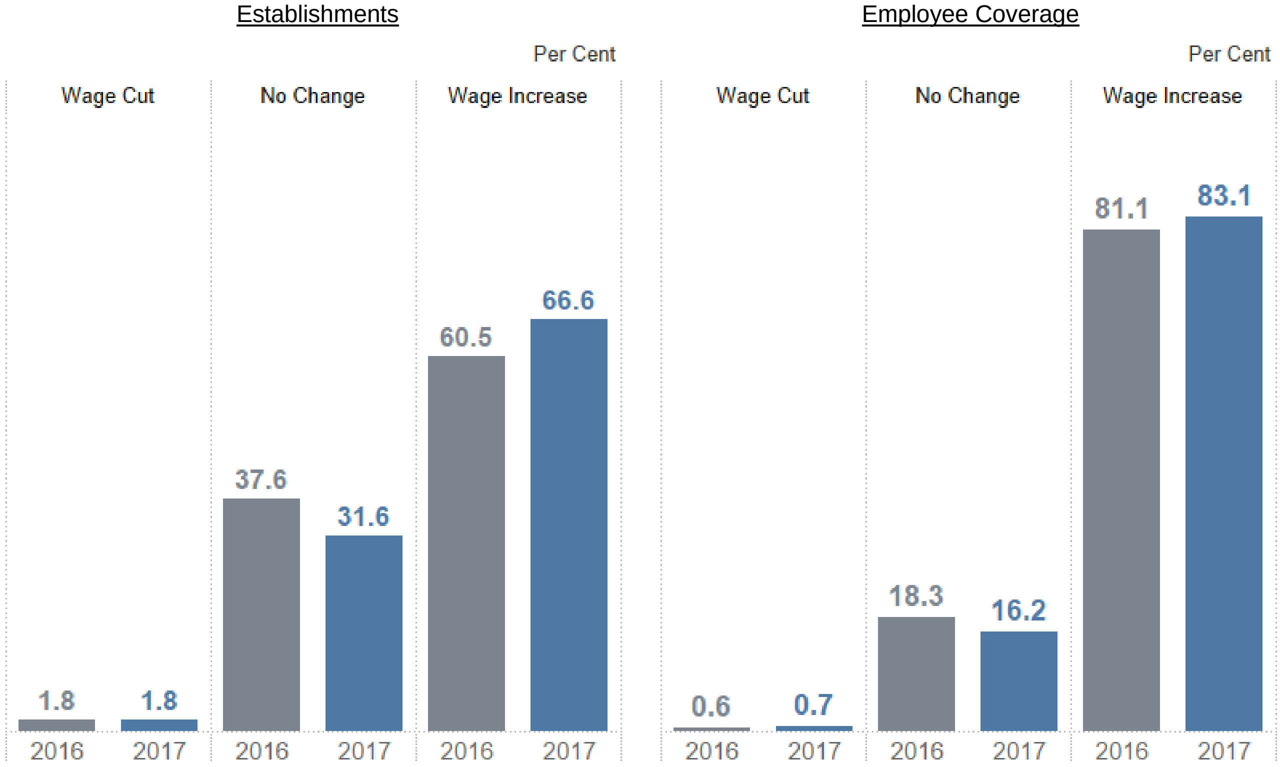
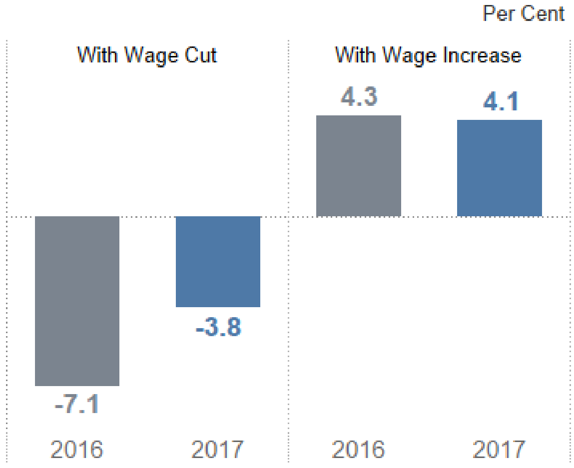


Chart 1.2: Extent of Basic Wage Change Among Establishments, 2016 And 2017



Source : Survey on Annual Wage Changes, Manpower Research and Statistics Department, MOM

Notes: Figures may not sum up to 100% due to rounding.

Table 1: Wage Change By Industry, 2016 And 2017

Per Cent

Industry (SSIC 2015)	Period	Total Wage Change			Basic Wage Change		
		Total	RAF	NRAF	Total	RAF	NRAF
Total	2017	3.8	3.8	3.8	3.6	3.6	3.5
	2016	3.1	3.4	2.8	3.5	3.5	3.6
Manufacturing	2017	4.2	4.2	4.3	3.2	3.2	3.3
	2016	1.7	2.3	1.2	3.1	3.1	3.0
Construction	2017	2.0	2.3	1.9	2.6	2.6	2.6
	2016	2.1	1.7	2.4	2.3	2.2	2.5
Services	2017	3.9	3.8	3.9	3.7	3.8	3.6
	2016	3.5	3.9	3.3	3.8	3.7	3.8
Wholesale & Retail Trade	2017	3.3	3.7	2.9	3.4	3.6	3.2
	2016	2.7	2.8	2.6	3.2	3.1	3.2
Transportation & Storage	2017	3.3	3.1	3.7	3.3	3.1	3.5
	2016	5.1	5.9	3.6	3.9	4.2	3.4
Accommodation & Food Services	2017	3.8	4.2	3.4	3.9	4.3	3.2
	2016	2.3	2.2	2.3	2.5	2.6	2.4
Information & Communications	2017	3.9	4.0	3.9	3.7	3.9	3.6
	2016	2.7	3.2	2.5	3.8	4.1	3.7
Financial & Insurance Services	2017	4.2	3.6	4.2	4.0	3.6	3.9
	2016	3.9	3.6	3.9	4.4	3.8	4.5
Real Estate Services	2017	3.1	3.3	2.9	3.6	3.8	3.4
	2016	3.4	3.5	3.3	3.4	3.2	3.7
Professional Services	2017	4.3	3.5	4.6	3.8	3.2	4.1
	2016	3.3	3.2	3.4	3.8	3.2	4.1
Administrative & Support Services	2017	4.3	4.2	4.3	3.9	4.0	3.6
	2016	5.0	5.4	3.9	4.9	5.2	3.8
Community, Social & Personal Services	2017	4.3	4.2	4.3	3.9	4.2	3.7
	2016	3.7	3.9	3.5	4.0	4.0	4.0

Source : Survey on Annual Wage Changes, Manpower Research and Statistics Department, MOM

Table 2: Annual Variable Component By Industry, 2016 And 2017

Months of Basic Wage

Industry (SSIC 2015)	Period	Months of Basic Wage		
		Total	RAF	NRAF
Total	2017	2.14	1.83	2.42
	2016	2.16	1.90	2.40
Manufacturing	2017	2.28	2.11	2.42
	2016	2.25	2.10	2.38
Construction	2017	1.27	0.98	1.49
	2016	1.45	1.16	1.73
Services	2017	2.17	1.81	2.49
	2016	2.19	1.90	2.46
Wholesale & Retail Trade	2017	1.83	1.55	2.16
	2016	1.98	1.74	2.25
Transportation & Storage	2017	2.65	2.61	2.73
	2016	2.68	2.73	2.59
Accommodation & Food Services	2017	1.08	0.94	1.32
	2016	1.13	0.99	1.40
Information & Communications	2017	2.01	1.61	2.14
	2016	2.05	1.81	2.13
Financial & Insurance Services	2017	3.34	2.79	3.43
	2016	3.28	2.85	3.37
Real Estate Services	2017	2.28	1.83	2.80
	2016	1.82	1.49	2.36
Professional Services	2017	1.94	1.78	2.00
	2016	2.03	1.89	2.08
Administrative & Support Services	2017	1.38	1.19	1.91
	2016	1.25	1.11	1.68
Community, Social & Personal Services	2017	2.44	2.16	2.69
	2016	2.39	2.27	2.51

Source : Survey on Annual Wage Changes, Manpower Research and Statistics Department, MOM

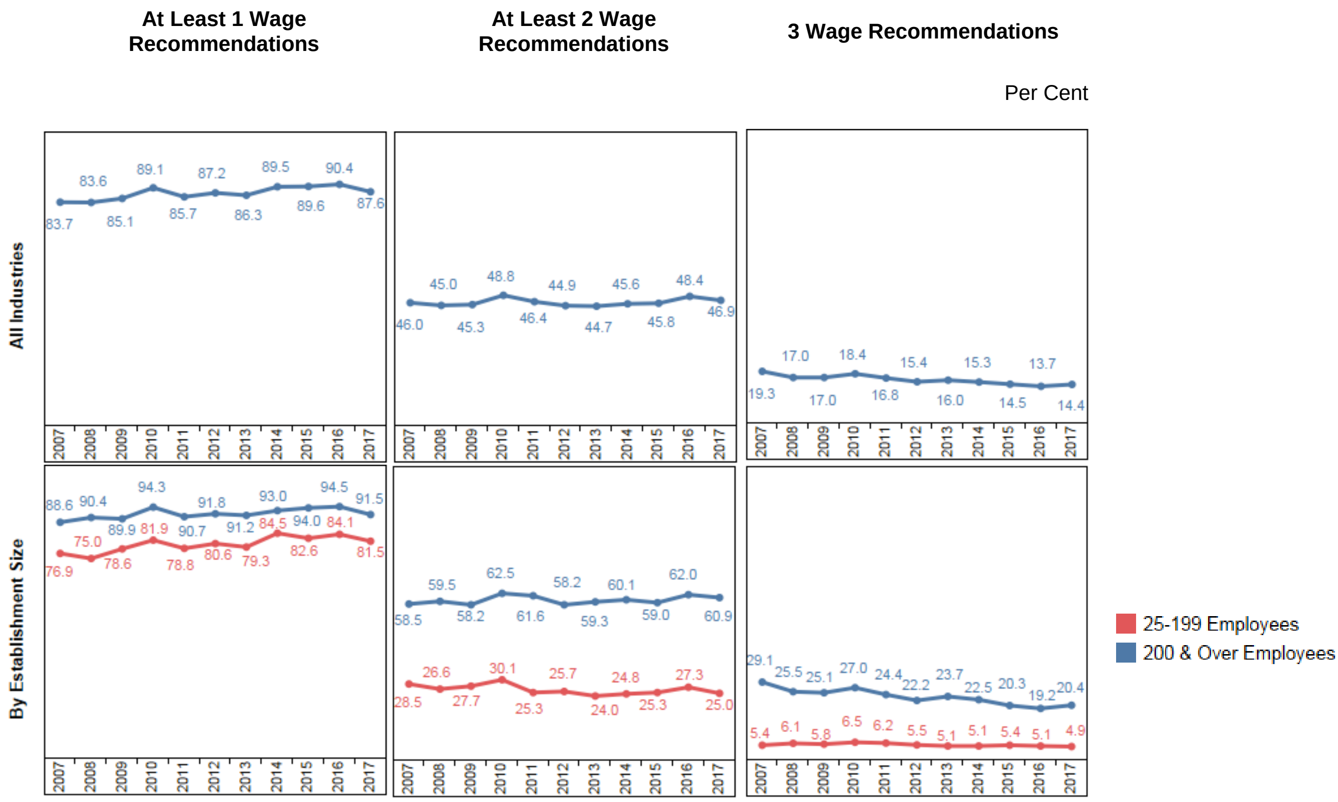
Chart 2: Annual Variable Component As A Proportion Of Total Annual Wage, 2016 And 2017

	Annual Variable Component in Months of Basic Wage	
	2016	2017
All	2.16	2.14
RAF	1.90	1.83
Non-RAF	2.40	2.42
Junior Mgt	2.39	2.37
Senior Mgt	2.43	2.50

Source : Survey on Annual Wage Changes, Manpower Research and Statistics Department, MOM

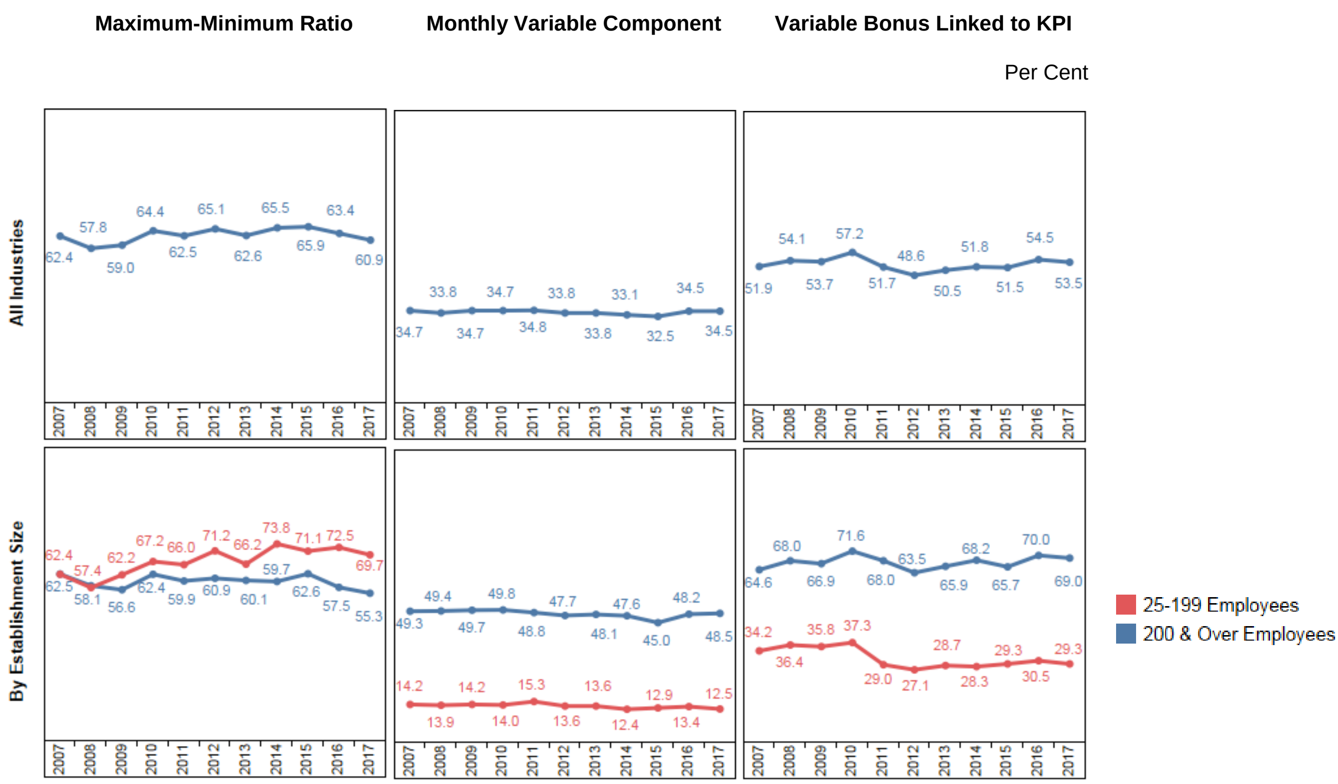
Notes: RAF refers to rank-and-file. Non-RAF employees comprise junior and senior management employees.

Chart 3: Proportion Of Employees Covered By Number Of Key Wage Recommendations Implemented, 2007 – 2017 (December)



Source : Survey on Annual Wage Changes, Manpower Research and Statistics Department, MOM

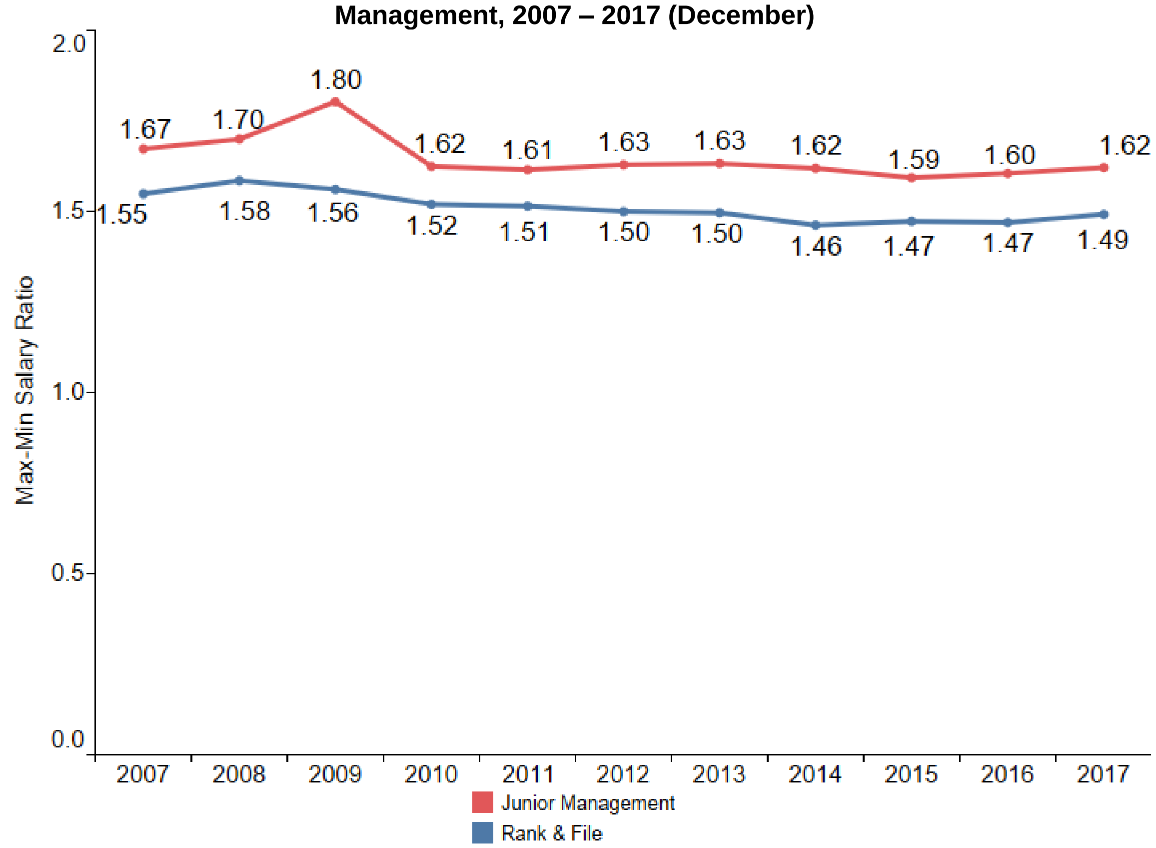
Chart 4: Proportion Of Employees In Establishments That Implemented Wage Restructuring Recommendations, 2007 – 2017 (December)



Source : Survey on Annual Wage Changes, Manpower Research and Statistics Department, MOM

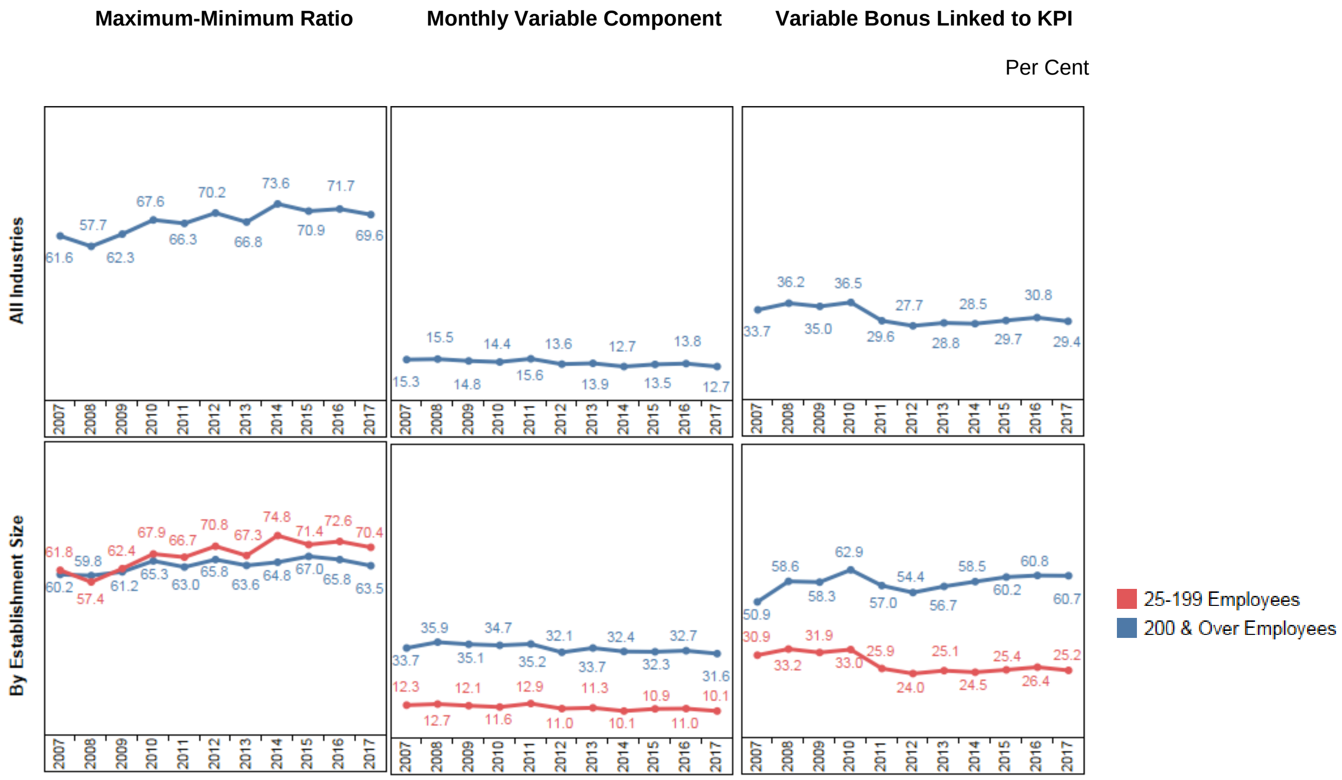
Note: Establishments can implement more than one key wage recommendation.

Chart 5: Average Maximum-Minimum Salary Ratio Of Rank-And-File Employees And Junior Management, 2007 – 2017 (December)



Source : Survey on Annual Wage Changes, Manpower Research and Statistics Department, MOM

Chart 6: Proportion Of Establisments With Wage Restructuring Recommendations Implemented, 2007 – 2017 (December)



Source : Survey on Annual Wage Changes, Manpower Research and Statistics Department, MOM

Note: Establishments can implement more than one key wage recommendation.

Table 3: Proportion of Employees With Some Form Of Wage Flexibility by Industry, 2016 And 2017 (December)

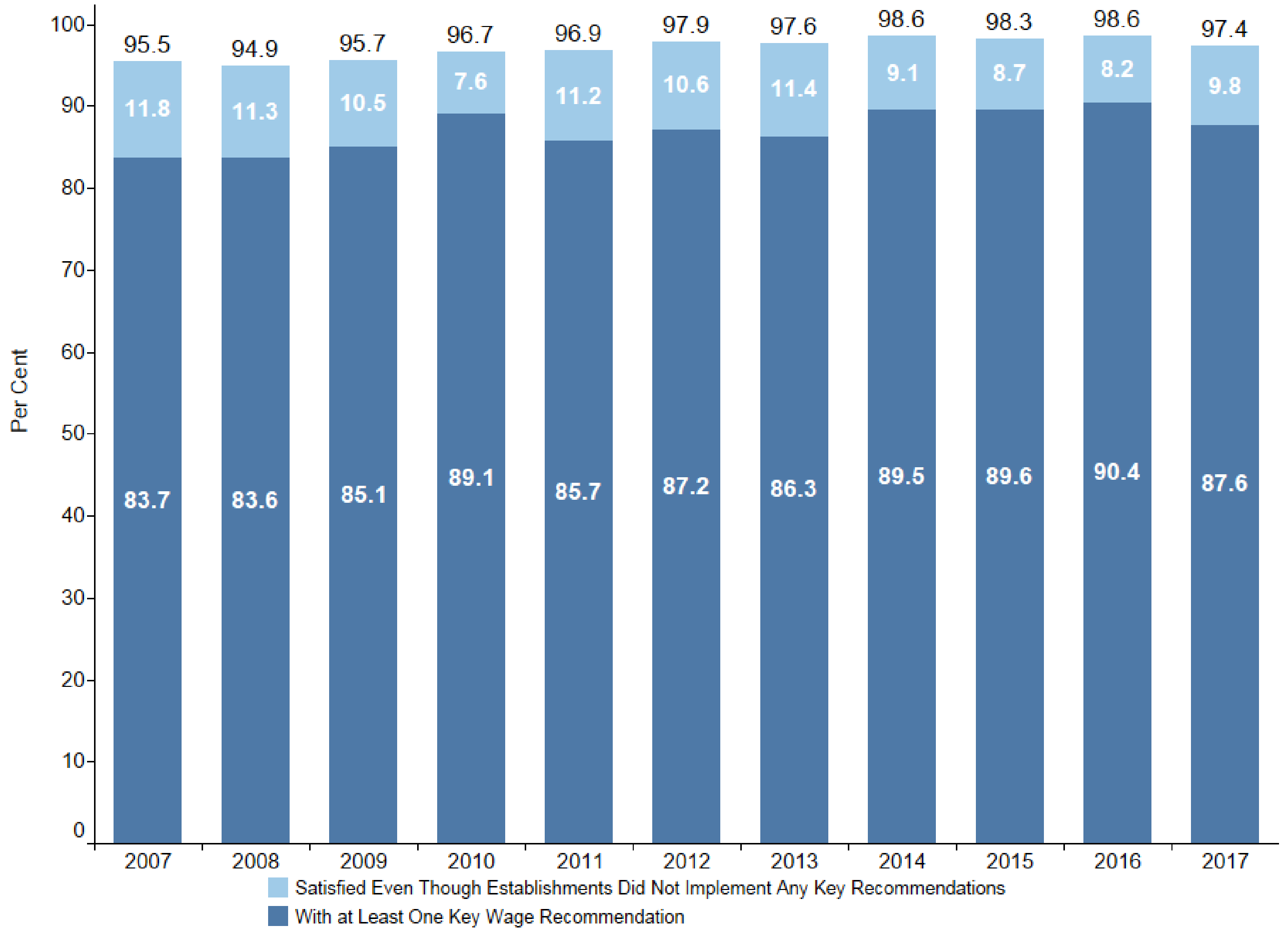
Per Cent

Industry (SSIC 2015)	Period	Some Form of Wage Flexibility (A) + (B) + (C)	Number of Key Wage Recommendations Implemented		
			Three (A)	Two (B)	One (C)
Total	2017	87.6	14.4	32.6	40.7
	2016	90.4	13.7	34.8	42.0
Manufacturing	2017	84.9	14.1	31.0	39.7
	2016	91.1	12.7	37.1	41.4
Construction	2017	79.3	4.0	16.6	58.7
	2016	80.8	3.3	18.2	59.2
Services	2017	90.1	16.4	36.7	37.0
	2016	92.5	16.6	38.0	38.0
Wholesale & Retail Trade	2017	87.7	8.0	31.9	47.8
	2016	90.3	10.1	38.2	42.0
Transportation & Storage	2017	91.6	32.3	32.8	26.4
	2016	96.2	33.8	36.4	26.0
Accommodation & Food Services	2017	90.8	16.8	34.5	39.6
	2016	94.9	25.5	29.9	39.5
Information & Communications	2017	92.7	9.3	30.3	53.1
	2016	90.0	8.7	33.3	48.0
Financial & Insurance Services	2017	90.0	7.6	55.4	26.9
	2016	88.4	8.7	47.7	32.0
Real Estate Services	2017	85.7	24.1	26.6	35.0
	2016	92.5	24.6	25.9	42.0
Professional Services	2017	90.7	18.8	29.5	42.5
	2016	89.2	13.4	34.1	41.7
Administrative & Support Services	2017	86.5	18.7	24.2	43.6
	2016	94.3	13.4	22.9	58.0
Community, Social & Personal Services	2017	93.1	17.6	50.0	25.5
	2016	95.2	16.2	52.4	26.6

Source : Survey on Annual Wage Changes, Manpower Research and Statistics Department, MOM

Note: Figures may not sum up due to rounding.

Chart 7: Proportion Of Employees In Establishments With Some Form Of Wage Flexibility Or Were Satisfied With Their Wage Flexibility Even Though Their Establishments Did Not Implement Any Key Wage Recommendations, 2007 – 2017 (December)



Source : Survey on Annual Wage Changes, Manpower Research and Statistics Department, MOM

Table 4: Proportion Of Employees In Establishments That Did Not Implement Any Key Wage Recommendations, 2016 And 2017 (December)

Per Cent

	Period	Did Not Implement Any Key Wage Recommendation	Satisfied/Not Satisfied With Level of Flexibility in Wage System	
			Satisfied	Not Satisfied
All Industries	2017	12.4	9.8	2.6
	2016	9.6	8.2	1.4
By Establishment Size				
25-199 Employees	2017	18.5	13.7	4.8
	2016	15.9	13.5	2.5
200 or More Employees	2017	8.5	7.3	1.2
	2016	5.5	4.8	0.7

Source : Survey on Annual Wage Changes, Manpower Research and Statistics Department, MOM

Note: Figures may not sum up due to rounding

Table 5: Proportion Of Employees In Establishments By Key Wage Recommendations And Industry, 2016 And 2017 (December)

Per Cent

Industry (SSIC 2015)	Period	With Maximum-Minimum Salary Ratio	With MVC	With Variable Bonus Linked to KPI
Total	2017	60.9	34.5	53.5
	2016	63.4	34.5	54.5
Manufacturing	2017	58.3	33.5	52.4
	2016	63.0	33.3	57.3
Construction	2017	71.3	13.1	19.4
	2016	71.6	14.2	19.9
Services	2017	59.1	39.2	61.2
	2016	61.6	39.8	62.2
Wholesale & Retail Trade	2017	62.8	20.6	52.2
	2016	64.0	25.9	58.8
Transportation & Storage	2017	64.2	53.5	71.4
	2016	73.4	54.2	72.6
Accommodation & Food Services	2017	75.8	33.7	49.4
	2016	87.0	36.6	52.2
Information & Communications	2017	42.1	19.4	80.0
	2016	43.9	17.5	79.3
Financial & Insurance Services	2017	28.1	56.8	75.8
	2016	22.5	53.8	77.2
Real Estate Services	2017	69.4	37.0	54.2
	2016	79.4	38.4	49.7
Professional Services	2017	59.8	31.4	66.6
	2016	53.0	32.0	65.1
Administrative & Support Services	2017	76.4	27.8	44.0
	2016	85.0	23.2	35.8
Community, Social & Personal Services	2017	53.1	60.0	65.3
	2016	54.2	59.5	66.4

Source : Survey on Annual Wage Changes, Manpower Research and Statistics Department, MOM

Table 6: Proportion Of Employees In Establishments That Shared Information With Employees, 2007 – 2017 (December)

Per Cent

Year	All Industries	By Establishment Size	
		25-199 employees	200 or more employees
2007	75.9	62.7	85.3
2008	76.9	64.4	86.8
2009	75.2	61.3	85.5
2010	75.8	61.3	86.4
2011	76.3	61.4	87.1
2012	76.0	59.0	87.8
2013	76.8	61.4	87.6
2014	76.6	59.8	88.3
2015	78.3	61.6	88.9
2016	78.4	63.8	87.9
2017	75.3	58.0	86.4

Source : Survey on Annual Wage Changes, Manpower Research and Statistics Department, MOM

Table 7: Proportion Of Establishments That Shared Information With Employees, 2007 – 2017 (December)

Per Cent

Year	All Industries	By Establishment Size	
		25-199 employees	200 or more employees
2007	62.5	60.2	77.1
2008	63.5	61.3	79.7
2009	60.8	58.2	79.4
2010	60.2	57.8	77.8
2011	61.3	58.8	79.2
2012	59.3	56.5	79.7
2013	61.4	58.8	80.8
2014	60.1	57.4	80.9
2015	62.3	59.8	81.0
2016	64.0	61.6	80.7
2017	57.7	54.7	79.5

Source : Survey on Annual Wage Changes, Manpower Research and Statistics Department, MOM

Table 8: Proportion Of Establishments And Employees In Establishments That Shared Information With Employees By Type Of Wage System, December 2017

Per Cent

	All Establishments		With at Least One Wage Recommendation		No Wage Recommendation	
	Establishments	Employees	Establishments	Employees	Establishments	Employees
All	57.7	75.3	60.3	78.6	46.3	52.2
By Establishment Size						
25-199 Employees	54.7	58.0	56.9	60.5	45.8	47.0
200 or More Employees	79.5	86.4	82.6	88.9	53.1	59.4

Source : Survey on Annual Wage Changes, Manpower Research and Statistics Department, MOM

Table 9: Distribution By Frequency Of Information Sharing, December 2017

Establishments

Per Cent

	All Establishments	By Establishment Size	
		25-199 Employees	200 or More Employees
Total	57.7	54.7	79.5
Regularly	32.7	29.7	54.5
Annually	*13.8*	*13.0*	*19.9*
Half-yearly	*5.8*	*5.2*	*10.0*
Quarterly	*9.2*	*7.8*	*20.0*
Monthly	*3.8*	*3.7*	*4.6*
As and when necessary	24.9	24.9	24.6
Others	0.1	0.1	0.3

Employee Coverage

Per Cent

	All Establishments	By Establishment Size	
		25-199 Employees	200 or More Employees
Total	75.3	58.0	86.4
Regularly	50.5	32.1	62.2
Annually	*16.9*	*13.5*	*19.1*
Half-yearly	*9.4*	*6.2*	*11.5*
Quarterly	*20.5*	*9.0*	*27.9*
Monthly	*3.6*	*3.5*	*3.7*
As and when necessary	24.6	25.8	23.9
Others	0.2	0.1	0.3

Source : Survey on Annual Wage Changes, Manpower Research and Statistics Department, MOM

Note: Figures may not sum up due to rounding.

Table 10: Proportion Of Employees In Establishments That Shared Information At Least Annually, 2007 – 2017 (December)

Per Cent

Year	All Industries	By Establishment Size	
		25-199 employees	200 or more employees
2007	47.5	37.0	55.0
2008	45.7	32.7	55.8
2009	45.3	31.2	55.7
2010	46.2	31.9	56.7
2011	46.4	32.4	56.4
2012	45.7	31.1	55.8
2013	50.3	35.6	60.7
2014	49.7	33.7	60.9
2015	53.0	34.9	64.6
2016	53.3	36.0	64.5
2017	50.5	32.1	62.2

Source : Survey on Annual Wage Changes, Manpower Research and Statistics Department, MOM

Table 11: Proportion Of Establishments That Shared Information At Least Annually, 2007 – 2017 (December)

Per Cent

Year	All Industries	By Establishment Size	
		25-199 employees	200 or more employees
2007	36.8	35.3	46.1
2008	32.7	30.7	47.3
2009	31.2	29.0	47.7
2010	30.9	28.8	46.1
2011	32.8	30.5	49.8
2012	31.8	29.3	50.3
2013	35.3	33.1	52.0
2014	34.1	31.5	53.3
2015	34.9	32.0	55.3
2016	36.8	34.2	54.5
2017	32.7	29.7	54.5

Source : Survey on Annual Wage Changes, Manpower Research and Statistics Department, MOM

Table 12: Quantum Of Built-in Wage Increase For RAF And Employees Earning Basic Monthly Wage Of $1,200 And Below, 2017

	Outsourced Employees Earning Basic Monthly Salary of $1,200 and Below			Employees Earning Basic Monthly Salary of $1,200 and Below			RAF (Overall)
	Dollar Quantum ($)		*Basic Wage Increase (%)*	*Dollar Quantum ($)*		*Basic Wage Increase (%)*	*Basic Wage Increase (%)*
	Median	*Mean*	*Mean*	*Median*	*Mean*	*Mean*	*Mean*
Total	*64*	*77*	*7.5*	*100*	*90*	*8.9*	*5.4*
By Profit Status							
Category A	*s*	*s*	*s*	*75*	*81*	*7.9*	*4.5*
Category B	*64*	*69*	*6.6*	*100*	*93*	*9.3*	*5.6*
Category C	*60*	*74*	*7.1*	*100*	*89*	*8.8*	*5.6*
Category D	*s*	*s*	*s*	*100*	*95*	*9.8*	*5.9*
By Industry							
Manufacturing	*s*	*s*	*s*	*63*	*79*	*7.7*	*4.4*
Construction	*s*	*s*	*s*	*100*	*90*	*8.8*	*6.3*
Services	*64*	*77*	*7.5*	*100*	*91*	*9.1*	*5.5*
Wholesale & Retail Trade	*s*	*s*	*s*	*100*	*104*	*10.5*	*6.7*
Transportation & Storage	*s*	*s*	*s*	*83*	*82*	*9.0*	*4.1*
Accommodation & Food Services	*s*	*s*	*s*	*100*	*98*	*9.6*	*6.9*
Information & Communications	*s*	*s*	*s*	*s*	*s*	*s*	*s*
Financial & Insurance Services	*s*	*s*	*s*	*s*	*s*	*s*	*s*
Real Estate Services	*s*	*s*	*s*	*s*	*s*	*s*	*s*
Professional Services	*s*	*s*	*s*	*s*	*s*	*s*	*s*
Administrative & Support Services	*64*	*76*	*7.5*	*64*	*78*	*7.6*	*4.9*
Community, Social & Personal Services	*s*	*s*	*s*	*100*	*81*	*7.9*	*5.0*

Source : Survey on Annual Wage Changes, Manpower Research and Statistics Department, MOM

Notes: (1) Data for employees earning ≤ $1,200 and RAF are based on establishments with employees earning basic monthly wage of $1,200 and below and gave built-in wage increase to these employees in 2017.
(2) Data for outsourced employees earning ≤ $1,200 are based on establishments with outsourced employees earning basic monthly wage of $1,200 and below and gave built-in wage increase to these employees in 2017.
(3) s: Data suppressed due to small number covered.
(4) Category A to C pertain to profitable establishments, while Category D pertain to loss-making establishments.

<u>Annex 2</u>

SURVEY COVERAGE AND METHODOLOGY

SURVEY ON ANNUAL WAGE CHANGES, 2017

Introduction

The *Survey on Annual Wage Changes, 2017* was conducted by the Manpower Research and Statistics Department of the Ministry of Manpower under the Statistics Act (Chapter 317). The survey fieldwork was conducted from 18 December 2017 to 2 March 2018.

Objective

The survey was conducted to obtain information on the extent of wage changes and wage restructuring in 2017.

Coverage

The survey covered private sector establishments with at least 10 employees. Some 4,900 private establishments responded to the survey. These establishments employed 1,227,000 employees which included 597,300 local full-time employees on the Central Provident Fund (CPF) scheme with at least 1 year in service (comprising 270,100 rank-and-file employees, 246,200 junior and 81,000 senior management staff) and 437,900 foreign employees. Local full-time employees with less than a year of service, or on part-time formed the remaining 191,800. The survey response rate was 89%.

The results were weighted to reflect the population of private sector establishments with at least 10 employees by using expansion factors based on sampling fraction.

Methodology

The survey was conducted using mail questionnaires. Respondents could submit their returns online, by post, email or fax, with clarifications made over the phone.

Reference Period

The reference period for the survey was from November 2016 to November 2017.

Data Collected

The establishments were asked to provide information on the average basic wage change, Annual Wage Supplement (AWS) and Variable Bonus (VB) to employees in 2017. The information collected pertains to full-time employees on the CPF scheme who had been with the establishment for at least one year as at 30 November 2017.

The establishments were also surveyed on the progress of wage restructuring in terms of whether they had adopted the three key recommendations of the Tripartite Taskforce on Wage Restructuring namely:

(i) introduce Annual Variable Component (AVC) such as variable bonus in the wage system that is linked to Key Performance Indicators (KPI) i.e. have formulated, communicated and explained to their employees the KPI for the payment of the variable bonus;
(ii) introduce the monthly variable component (MVC) in the wage structure; and
(iii) narrow the maximum-minimum salary ratio for majority of their employees to an average of 1.5 or less.

Other information collected include establishments' satisfaction with the level of flexibility of the wage system and maximum-minimum salary ratio of the job that has the largest number of employees among full-time employees.

Since 2012, additional questions were asked to determine whether establishments gave a built-in wage increase to employees earning a monthly basic wage of up to $1,000 and the quantum given. From 2015 onwards, similar questions were asked but the basic wage level was raised to $1,100 and coverage was extended to include outsourced workers. The basic wage level was raised to $1,200 in 2017.

Analysis

Findings on the extent of wage changes in private sector in 2017 is based on private establishments with at least 10 employees.

The analysis on wage restructuring is based on private establishments with at least 25 employees, unless otherwise specified.

Classification

The industries of the surveyed establishments were classified according to the Singapore Standard Industrial Classification (SSIC) 2015.

Reliability of Data

In a sample survey, inferences about the target population are drawn from the data collected from the sample. Errors due to extension of the conclusions based on one sample to the entire population are known as sampling errors. The sampling error of an estimate is the extent of variation between the estimated value obtained from a sample and the true value from the population. Factors influencing the sampling error include the sample size, the sample design, method of estimation, the variability of the population and the characteristics studied.

A common measure of the sampling error of an estimate is its standard error, which is a measure of the variation among the estimates derived from all possible samples. An alternative measure is the relative standard error of an estimate which indicates the standard error relative to the magnitude of the estimate. A sample estimate and an estimate of its standard error can be used to construct an interval that will, at specified levels of confidence, include the true value. By statistical convention, the confidence level has been set at 95 per cent.

Estimates of the sampling variability of selected indicators are as follows:

	Estimate	Standard Error	Relative Standard Error (%)	95% Confidence Interval	
				Lower	Upper
Total Wage Change (Incl employer CPF)^	3.8%	0.05%-pt	1.3%	3.7%	3.9%
Total Wage Change (Excl employer CPF)^	3.8%	0.05%-pt	1.3%	3.7%	3.9%
Basic Wage Change^	3.6%	0.03%-pt	0.8%	3.5%	3.6%
Variable Component^ (Months of basic wage)	2.14	0.01	0.66%	2.11	2.17
Proportion of establishment with employees earning up to $1,200 that gave/ intended to give basic wage increase to these employees* (%)	61.9%	1.6%-pts	2.6%	58.7%	65.2%

Notes:

(1) ^ Wage growth pertains to wage increases granted by private sector establishments (with at least 10 employees) to full-time employees on CPF Scheme who were in continuous employment for at least a year.

(2) * Quantum of basic wage increase is available. Data includes establishments that had given other forms of basic wage increase.

		Estimate	Standard Error	Relative Standard Error (%)	95% Confidence Interval	
					Lower	Upper
Proportion of employees in establishments that implemented at least one key wage recommendation		87.6%	0.4%-pt	0.4%	86.9%	88.3%
Proportion of employees in establishments that implemented the key wage recommendations	Variable Bonus linked to KPI	53.5%	0.4%-pt	0.7%	52.8%	54.2%
	Monthly Variable Component	34.5%	0.3%-pt	0.8%	34.0%	35.0%
	Narrowed Maximum-Minimum Salary Ratio	60.9%	0.4%-pt	0.7%	60.1%	61.7%

Concepts and Definitions

Total number of paid employees:	This refers to the number of persons, both local and foreign, working directly for the establishment, including employees who on this day are on sick leave, annual leave, etc. but are still on the establishment's payroll. These permanent and/or temporary employees can work on a full-time or part-time basis. It includes piece-rated workers but excludes workers who work 'on and off' (e.g. exhibition and convention workers hired especially for an event for short durations (say 3 – 5 days)).
Local employees:	This refers to Singapore Citizens and Permanent Residents.
Rank-and-File Employees:	This includes employees who are in technical, clerical, sales, service, production, transport, cleaning and related positions. They are not employees in managerial or executive positions.
Junior Management Staff:	This refers to executives and managers who do not hold senior managerial responsibilities. They do not have substantial influence over hiring, firing, promotion, transfer, reward or discipline of employees.
Senior Management Staff:	This refers to executives and managers who have substantial influence over hiring, firing, promotion, transfer, reward or discipline of employees.
Basic Wage:	This refers to the total basic pay before deduction of the employees' CPF contributions and personal income tax. It excludes employers' CPF contributions, bonuses, overtime payments, commissions, allowances (e.g. shift, food, housing and transport), other monetary payments and payments-in-kind.
Basic Wage Adjustment:	This usually comprises wage adjustments and built-in increments such as annual (or service), merit and NWC increments. Promotional increments are excluded.

Annual Wage Supplement (AWS):	This refers to the annual payment usually made at year-end and is commonly known as the 13th month allowance.
Variable Bonus (VB):	This refers to the payment given in addition to the AWS. It includes incentive payments and 'ang pows', but excludes AWS. The variable bonus is usually linked to company and/or individual performance and may vary from year to year. It may be paid in a lump sum or divided into several payments over the year; in which case the several payments should be added together.
Annual Variable Component:	This usually consists of 2 components i.e. AWS, and VB. Generally, the annual variable component is linked to company's profitability.
Monthly Variable Component (MVC):	This refers to the component of monthly basic wage that can be adjusted easily and quickly to meet changing business conditions. It should attract CPF, overtime pay, allowances, etc. The MVC can be built-up through wage increase or 'hived-off' from basic wage. Establishments can also implement a cut in basic wage by reducing MVC.
Maximum-Minimum Salary Ratio:	If an establishment does not have a pre-determined maximum-minimum salary structure, the maximum-minimum salary ratio can be computed based on the maximum and minimum salary that the establishment is prepared to pay their full-time employees in the job that has the largest number of employees.
Seniority-based wage system:	This refers to the practice of granting wage increase based on seniority/years in service rather than the value of the job.
Market Conditions:	This can refer to a country's economic performance, industry's and/or transnational organisation's performance (in the case of multi-national corporation).

Government Support Programmes:	One of the support packages in this programme is the Special Employment Credit (SEC). Under the SEC, the Government will provide a wage-offset to employers hiring Singaporean employees aged above 50 years old and earning up to $4,000 monthly.
Employees earning $1,200 and below:	This generally refers to employees who earned a monthly basic wage of $1,200 or less on a full-time basis in 2017.

Formulae

- Basic Wage Change in 2017

$$= \frac{\text{End 2017 Basic Wage} - \text{End 2016 Basic Wage}}{\text{End 2016 Basic Wage}} \times 100\%$$

- Total Wage Change in 2017

$$= \frac{\text{2017 Total Wage} - \text{2016 Total Wage}}{\text{2016 Total Wage}} \times 100\%$$

where

Total Wage = Annual Basic Wage + Annual Variable Component (i.e. Annual Wage Supplement and Variable Bonus)

FEEDBACK FORM

Report Title: Report on Wage Practices 2017

1. How would you rate this report in terms of :

	Excellent	Good	Average	Poor
a) Relevance to your work	☐	☐	☐	☐
b) Providing useful insights on prevailing labour market trends/development	☐	☐	☐	☐
c) Ease of understanding	☐	☐	☐	☐

2. Which area(s) of the report do you find most useful? Please provide reasons.

____

____

3. How do you find the length of the report?

☐ Too detailed ☐ Just right ☐ Too brief

	Excellent	Good	Average	Poor
4. Overall, how would you rate this report?	☐	☐	☐	☐

5. What additional information (if any) would you like us to include in our future issues?

____

____

6. Any other comments or suggestions you wish to bring to our attention?

____

____

Thank you for your valuable feedback

Name: ____________________ Designation : ____________________

Name and address of organisation: ______________________________

Please return the above to :

Director
Manpower Research and Statistics Department
Ministry of Manpower
18 Havelock Road #05-01
Singapore 059764
Republic of Singapore
Fax : 6317 1804
Email : mom_rsd@mom.gov.sg

OTHER PUBLICATIONS

Title	Date of Release
Labour Market Advance Release First Quarter 2018	27/04/2018
Labour Market 2017	15/03/2018
Own Account Workers 2017	05/03/2018
Job Vacancies 2017	07/02/2018
Labour Force in Singapore 2017	26/01/2018
Labour Market Third Quarter 2017	13/12/2017
Labour Market Second Quarter 2017	14/09/2017
Singapore Yearbook of Manpower Statistics 2017	29/06/2017
Manpower Statistics in Brief 2017	20/06/2017
Labour Market First Quarter 2017	13/06/2017
Retrenchment Benefits 2015	29/12/2016
Conditions of Employment 2016	21/11/2016
Redundancy and Re-entry into Employment 2015	20/04/2016

Related Charts/Tables

Other Publications

More releases are available online @ http://stats.mom.gov.sg
Subscribe to our email alert for the latest release