

Annex: Survey coverage and methodology

Survey on Annual Wage Changes, 2020

Introduction

The *Survey on Annual Wage Changes, 2020* 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 2020 to 24 April 2021.

Objective

The survey was conducted to obtain information on the extent of wage changes in 2020.

Coverage

The survey covered private sector establishments with at least 10 employees. Some 5,031 private establishments responded to the survey. These establishments employed 1,128,300 employees which included 603,800 resident full-time employees on the Central Provident Fund (CPF) scheme with at least 1 year in service (comprising 265,700 rank-and-file employees, 237,100 junior and 101,000 senior management staff) and 361,400 non-resident employees. Resident full-time employees with less than a year of service, or on part-time formed the remaining 163,100. The survey response rate was 85%. 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 online questionnaires. Respondents could submit their returns online, with clarifications made over the phone.

Reference Period

The reference period for the survey was from November 2019 to November 2020.



Annex: Survey coverage and methodology

Survey on Annual Wage Changes, 2020

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 2020. 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 2020.

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, \$1,300 in 2018 and \$1,400 in 2019.

Analysis

Findings on the extent of wage changes in private sector in 2020 is based on private establishments with at least 10 employees. Unless otherwise stated, all data on annual variable component are based on data collected in the reference year. 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.



Annex: Survey coverage and methodology

Survey on Annual Wage Changes, 2020

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.



Annex: Survey coverage and methodology

Survey on Annual Wage Changes, 2020

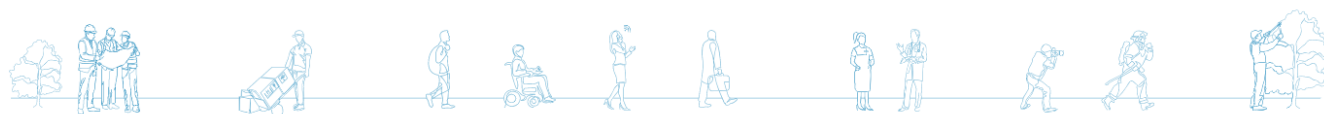
Reliability of Data

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)^	1.2%	0.07%-pt	6.2%	1.1%	1.4%
Total Wage Change (Excl employer CPF)^	1.2%	0.07%-pt	6.2%	1.1%	1.4%
Basic Wage Change^	2.1%	0.05%-pt	2.4%	2.0%	2.2%
Variable Component^ (months of basic wage)	1.79	0.01	0.69%	1.77	1.82

Note:

^ 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.



Annex: Survey coverage and methodology

Survey on Annual Wage Changes, 2020

Reliability of Data

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

	Estimate	Standard Error	Relative Standard Error (%)	95% Confidence Interval	
				Lower	Upper
Proportion of establishments with employees earning up to \$1,400 that gave/intended to give basic wage increase to these employees* (%)	64.7%	1.6%-pt	2.5%	61.5%	67.9%
Proportion of establishments which adopted some form of flexible wage system (FWS)#	77.4%	0.8%-pt	1.0%	75.8%	79.0%
Proportion of employees in establishments which adopted some form of flexible wage system (FWS)#	89.0%	0.3%-pt	0.4%	88.4%	89.7%

Notes:

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

This refers to those who had adopted either the monthly variable component (MVC) or annual variable component (AVC).



Annex: Survey coverage and methodology

Survey on Annual Wage Changes, 2020

Concepts and Definitions

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.
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.
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.



Annex: Survey coverage and methodology

Survey on Annual Wage Changes, 2020

Concepts and Definitions

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.

Employees earning \$1,400 and below: This generally refers to employees who earned a monthly basic wage of \$1,400 or less on a full-time basis in 2020.

Formulae

Basic Wage Change in 2020=
$$\frac{\text{End 2020 Basic Wage} - \text{End 2019 Basic Wage}}{\text{End 2019 Basic Wage}} \times 100\%$$

Total Wage Change in 2020=
$$\frac{\text{2020 Total Wage} - \text{2019 Total Wage}}{\text{2019 Total Wage}} \times 100\%$$

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

