

First Quarter 2021

Labour Market Advance Release



MINISTRY OF
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Manpower Research
and Statistics Department

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LABOUR MARKET ADVANCE RELEASE FIRST QUARTER 2021

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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

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Statistics compiled and disseminated by the MRSD adhere to international standards on official statistics set by the International Labour Organisation and International Monetary Fund.

For insights on the labour market, visit us at stats.mom.gov.sg

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Notations

- : nil or negligible
- P : Preliminary
- Q : Quarter
- M : March
- J : June
- S : September
- D : December

Abbreviations

- FDW : Foreign Domestic Workers
- MOM : Ministry of Manpower
- SSIC : Singapore Standard Industrial Classification
- excl : Excluding

Highlights

Advance estimates showed that Singapore's labour market continued to recover from the impact of the COVID-19 pandemic in 1Q 2021:

- Total employment (excluding Migrant Domestic Workers or MDWs) grew in 1Q 2021 (4,800), as the increase in resident employment outweighed the decline in non-resident employment. This was the first increase since 4Q 2019.
- Unemployment rates declined further in March 2021 (overall: from 3.0% to 2.9%; resident: from 4.1% to 4.0%; citizen: from 4.3% to 4.2%).
- The number of retrenchments declined for the second consecutive quarter (2,100), to a level usually observed in pre-pandemic quarters.

On-going company polls by the Department showed more positive business sentiments. Nearly 3 in 4 of companies polled in March 2021 had plans to hire, while only a small minority had intention to reduce headcount and/or reduce salary.

More details on the labour market situation in 1Q 2021 will be made available in the *Labour Market Report 1Q 2021* scheduled for release in mid-June 2021. These include resident and non-resident employment, sectoral breakdowns, number of job vacancies, labour turnover, and re-entry rates among retrenched locals.

Overview

Preliminary estimates on employment, unemployment and retrenchments demonstrated the labour market's continued recovery from the impact of the COVID-19 pandemic. For the first time since 4Q 2019, total employment saw modest expansion in 1Q 2021. The number of retrenchments declined to a level usually observed in 2018 and 2019. The unemployment situation continued to ease in March 2021, although unemployment rates remained elevated.

Employment^{P,1}

Total employment (excl. MDWs) grew in 1Q 2021 (4,800)², after four consecutive quarters of decline. This growth occurred amidst the continued expansion in resident employment, along with less steep declines in non-resident employment.

The bulk of the employment increases were in *Services*, attributed solely to residents. Within *Services*, sectors such as *Information & Communications*, *Financial Services*, and *Professional Services* continued to see employment expansion. Following sustained contractions in the preceding quarters, total employment in *Construction* also saw muted growth in 1Q 2021, as the decline in non-resident employment moderated significantly. *Manufacturing* continued to see employment declines, albeit at a slower pace.³

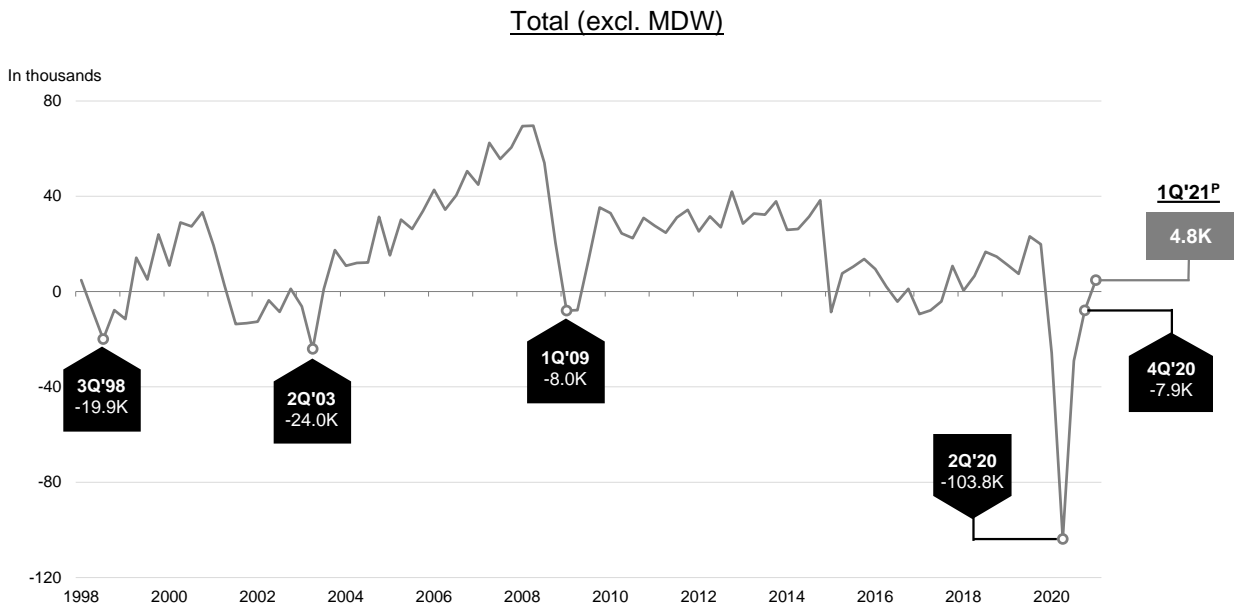
In general, resident employment growth was broad-based, while non-resident employment had contracted across all sectors.

¹ Employment figures cited in this report exclude Migrant Domestic Workers (MDWs).

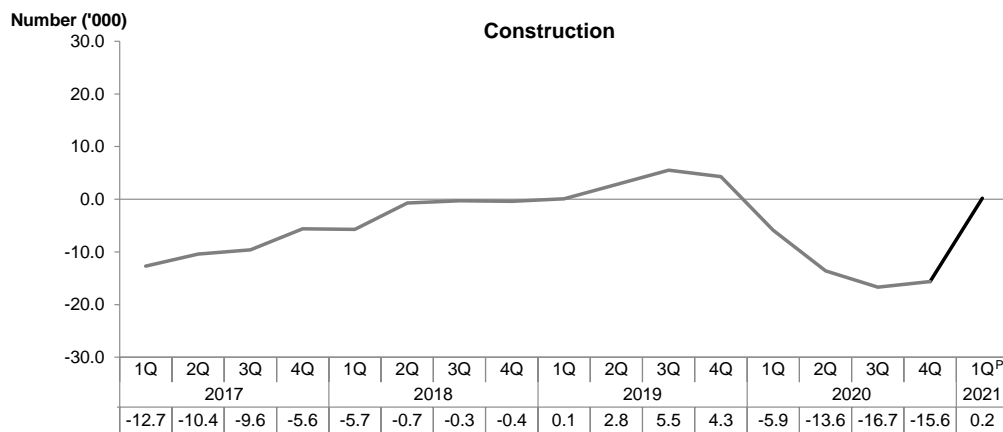
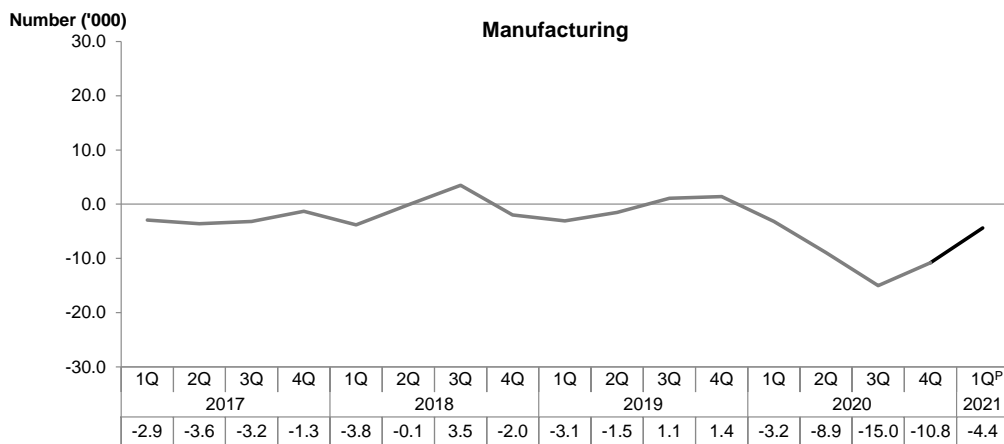
² Figures are preliminary and largely computed based on trends implied from available data in the first two months of the quarter (i.e. January and February). They are intended as a first indication of employment change for the first quarter. While we do not expect the trends to change directionally, the magnitude of change would be revised when more complete data becomes available.

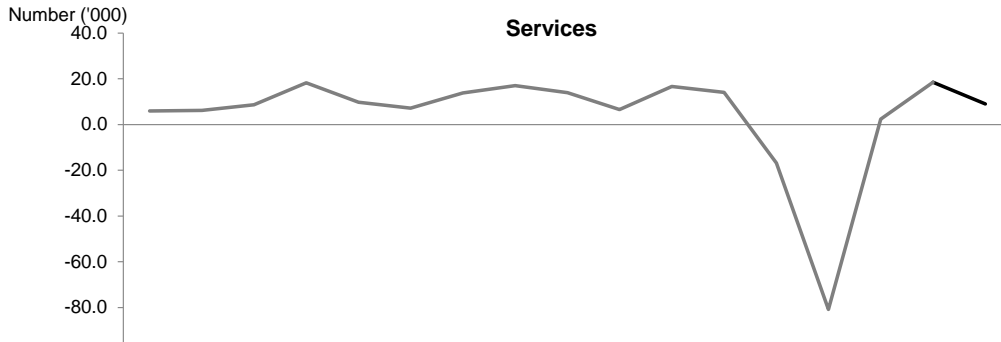
³ Based on preliminary estimates, 442,600 persons were employed in *Manufacturing*, 405,200 in *Construction*, and 2,735,700 (2,486,400 excl. MDW) in *Services* in March 2021. Employment totalled 3,610,000 (3,360,700 excl. MDW) in March 2021 (total includes other sectors like agriculture, fishing etc.).

Chart 1 Quarterly Employment Change By Sector



By Sector





	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q ^P
	2017				2018				2019				2020				2021
Services	8.6	6.8	10.4	20.2	13.1	7.2	16.4	18.2	16.7	5.9	20.9	15.8	-16.4	-90.5	-2.9	18.7	10.8
Services (excl MDW)	5.9	6.2	8.7	18.2	9.8	7.2	13.8	17.0	14.0	6.6	16.6	14.1	-16.8	-80.8	2.4	18.5	9.0

Source: Administrative Records and Labour Force Survey, Manpower Research & Statistics Department, MOM

^P: Preliminary

Notes:

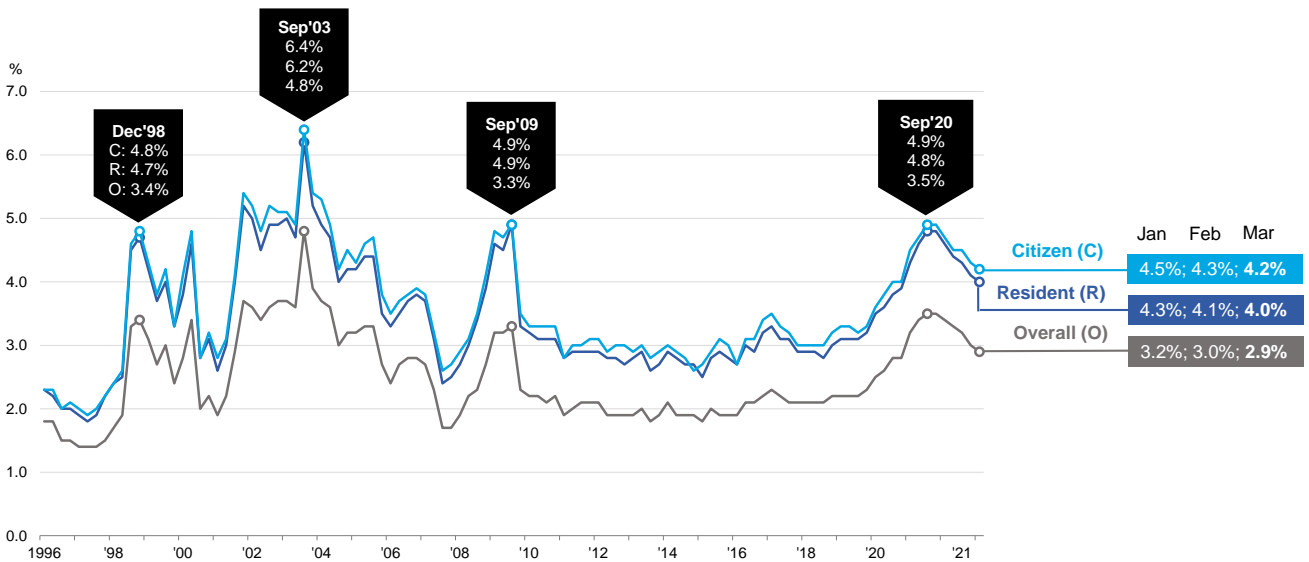
- (1) Data are primarily from administrative records, with the self-employed component estimated from the Labour Force Survey.
- (2) Data for the three major sectors do not add up to the total as the latter includes Agriculture, Fishing, Quarrying, Utilities and Sewerage & Waste Management.
- (3) The industries are classified based on SSIC 2015.
- (4) Employment change refers to the difference between employment level at the end of the reference period and that of the end of the preceding period.

Unemployment

Unemployment rates saw a continued decline of 0.1%-point in March 2021 (overall: from 3.0% to 2.9%; resident: from 4.1% to 4.0%; citizen: from 4.3% to 4.2%). While unemployment rates have fallen steadily over the past two quarters, since peaking in September 2020 (overall: 3.5%; resident: 4.8%; citizen: 4.9%), they are still far from pre-pandemic levels.

The number of unemployed residents⁴ fell from 104,300 in December 2020 to 95,500 in March 2021.

Chart 2 Unemployment Rates (Seasonally Adjusted)



Source: Labour Force Survey, Manpower Research & Statistics Department, MOM

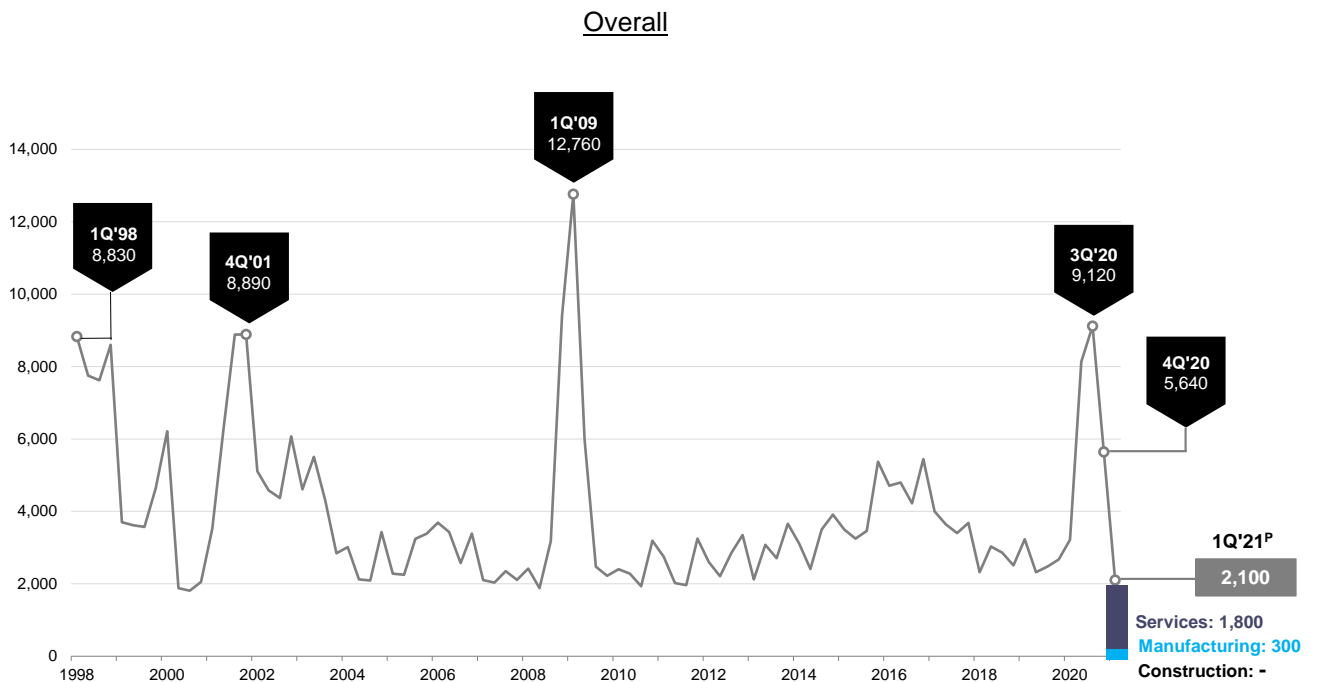
⁴ "Residents" refers to Singapore Citizens and Permanent Residents.

Retrenchment^P

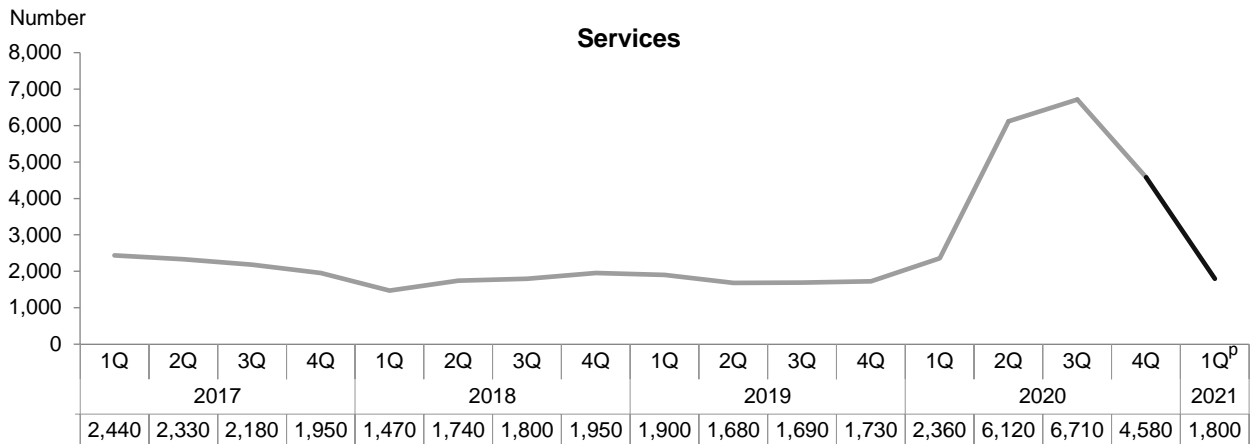
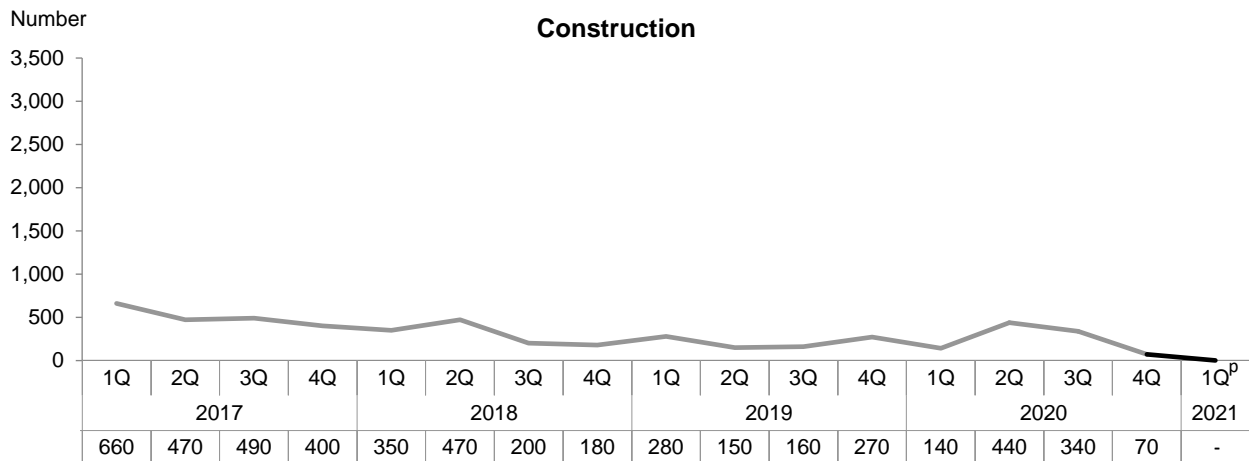
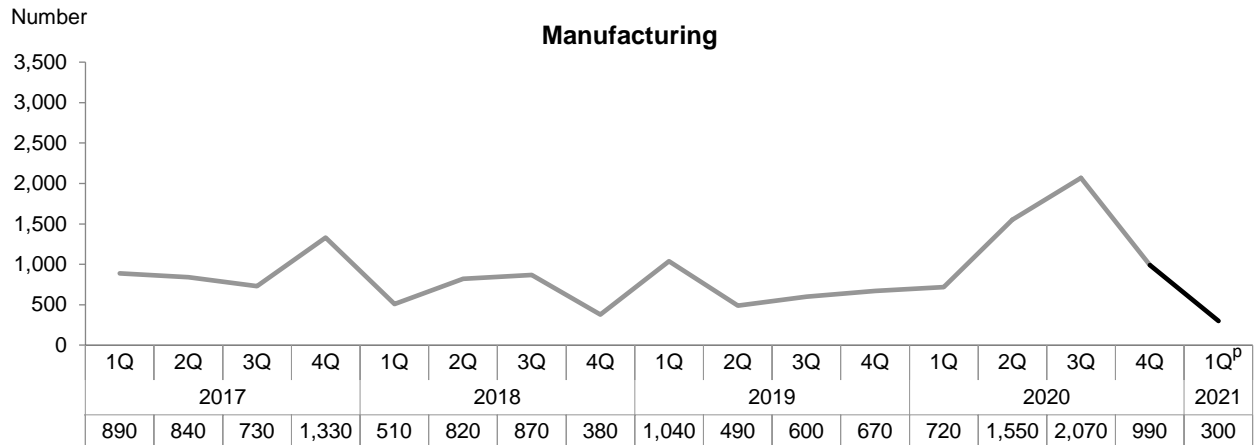
Based on latest survey returns to date, retrenchments are expected to drop sharply in 1Q 2021 (2,100), to a level usually observed in pre-pandemic quarters. This would reflect the second consecutive quarter of decline since the number of retrenchments peaked in 3Q 2020 (9,120). The likelihood of retrenchment is expected to decline as well (from 2.8 retrenched per 1,000 employees in 4Q 2020 to 1.1 in 1Q 2021).

Retrenchments are expected to decline across all broad sectors.

Chart 3 Quarterly Retrenchments By Sector



By Sector



Source: Labour Market Survey, Manpower Research & Statistics Department, MOM

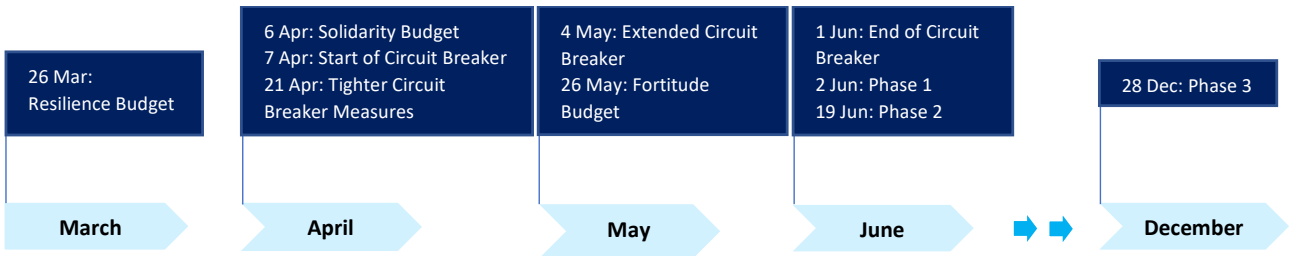
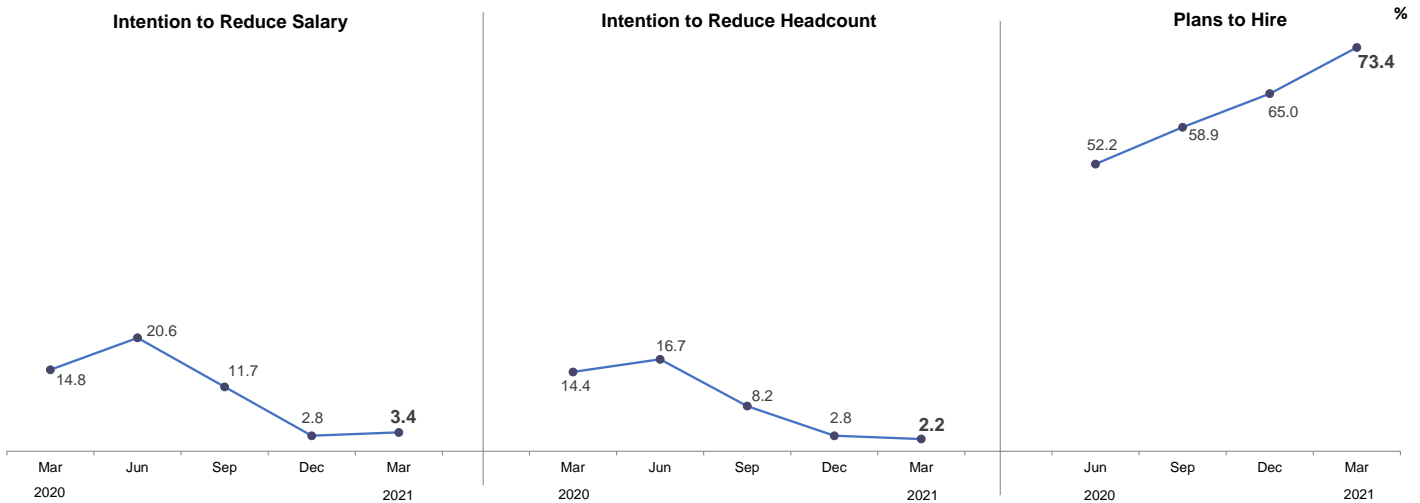
^P: Preliminary

Notes:

- (1) Data pertain to private sector establishments (each with at least 25 employees) and the public sector.
- (2) The industries are classified based on SSIC 2015.
- (3) Data for the three major sectors do not add up to the total as the latter includes Agriculture, Fishing, Quarrying, Utilities and Sewerage & Waste Management.
- (4) Data are rounded to the nearest 10. Hence, they may not add up due to rounding.
- (5) "-": NIL or negligible.

On-going company polls by the Department demonstrated relatively positive business sentiments, particularly in the area of hiring. 73% of the companies polled in March 2021 indicated they had plans to hire – a rise from the 65% in December 2020. The proportion of companies with intention to reduce headcount and/or reduce salary remained low.

Chart 4 Cost-reducing and Hiring Intent of Companies in the Next Two Months



Source: Manpower Research & Statistics Department, MOM

Note:

Data reflect proportion of companies who indicated yes or maybe to reducing salary or headcount, or having plans to hire in the next two months.

Explanatory Notes

Employment

Source

Primarily from administrative records. The self-employed component is estimated from the Labour Force Survey.

Coverage

Employment data comprise all persons in employment i.e. employees and the self-employed. However, it excludes men who are serving their 2-year full-time national service liability in the Singapore Armed Forces, Police and Civil Defence Forces.

Data on the number of resident employees are compiled from the Central Provident Fund (CPF) Board's administrative records of active contributors, defined as resident employees who have at least one CPF contribution paid for him/her. A resident employee is a Singapore citizen or Permanent Resident who is employed by an employer under a contract of service or other agreement entered into in Singapore. Every resident employee and his/her employer are required to make monthly contributions to the CPF. The CPF is a compulsory savings scheme that provides workers financial security in old age and helps meet the needs of healthcare, home-ownership, family protection and asset enhancement.

Data on non-residents working in Singapore are compiled from administrative records of foreigners on valid work passes issued by the Ministry of Manpower. Non-residents can work in Singapore only if they have valid work passes issued by the Ministry of Manpower.

The number of self-employed residents is estimated from the Labour Force Survey. The self-employed comprises persons aged 15 years and over who are own account workers, employers or contributing family workers.

Concepts and Definitions

Employment change refers to the change in the number of persons who are in employment, derived by taking the difference in the employment level (i.e. number of employed persons) at the end of the reference period compared with the end of the preceding period. A positive change refers to the additional number of persons who are in employment, while a negative change refers to the decline in number of persons in employment.

Uses and Limitations

Analysis of employment change over time helps in understanding the impact of cyclical and structural changes in the economy on the demand for workers. In particular, the breakdown of employment by industry helps identify sectors where employment is growing or falling.

Conceptually, the change in employment over the reference period is the difference between people entering and exiting employment during the period. Users should not mistake an increase in employment as gross job creation i.e. the increase in employment in expanding establishments only.

Unemployment

Source

Labour Force Survey

Coverage

The survey covers private households in Singapore. It excludes workers living in construction worksites, dormitories and workers' quarters at the workplace and persons commuting from abroad to work in Singapore. Estimates of the total labour force are derived by combining data on residents obtained from the survey with foreign employment data compiled from administrative records.¹

Concepts and Definitions

Unemployed persons refer to persons aged 15 years and over who did not work but were actively looking and available for work during the reference period. They include persons who were not working but were taking steps to start their own business or taking up a new job after the reference period.

Unemployment rate is defined as the percentage of unemployed persons to the labour force (i.e. employed and unemployed persons) aged 15 years and over.

Long-term unemployed persons refer to persons aged 15 years and over who have been unemployed for 25 weeks or more.

Long-term unemployment rate is defined as the percentage of long-term unemployed persons to the labour force.

Uses and Limitations

The unemployment rate is probably the best-known measure of the labour market. It measures unutilised labour supply and is useful in the study of the economic cycle as it is closely related to economic fluctuations.

Unemployment can have frictional, cyclical and structural elements. As it takes time for job seekers and employers to find a match, there is always a certain level of frictional unemployment due to people changing jobs and from new entrants looking for work for the first time. Unemployment can also be structural e.g. arising from a mismatch between the job seekers and the job openings available. With structural unemployment, even if job vacancies and job seekers coexist in the labour market, they may not be matched over a long period of time. Finally, unemployment can be cyclical. This occurs when there is a general decline in demand for manpower as aggregate demand for goods and services falls in the event of a cyclical downturn. Unlike structural and frictional unemployment where the problem is in matching job openings with job seekers, cyclical unemployment occurs when there are not enough jobs to go around.

Unemployment can vary due to changes in demand or supply of manpower. It can decline if more people succeed in securing employment or when the unemployed persons stop looking for a job and leave the labour force either temporarily (e.g. to take up training) or permanently (e.g. to retire). Conversely, unemployment may rise due to increase in labour supply from new entrants or re-entrants to the labour market. It will also rise if more people quit their jobs to look for alternative employment or if there is an increase in layoffs.

¹ Population figures for each quarter will be finalised in the next quarter. Unemployment data are therefore subject to the latest available population estimates.

Unemployment rates by specific groups, defined e.g. by age and educational attainment are useful in identifying groups of workers most vulnerable to unemployment.

Release Schedule

From July, top-line unemployment rates for overall, residents, and citizens for the month will be released on a monthly basis by the end of the next month. This availability of top-line unemployment rates on a monthly basis will enable us to detect shifts in the employment situation in a more timely manner. The information will be made available on the Ministry of Manpower's statistical portal <https://stats.mom.gov.sg> and in the Jobs Situation Report.

Additional breakdown on unemployment by profile e.g. age, education, will continue to be made available in the Labour Market Reports released at the end of every quarter. This is because variations in the profile of the unemployed are unlikely in the short term.

Data Quality

To ensure data quality, the Department analyses each survey response to identify and resolve inconsistencies that may suggest an inaccurate response. A response rate of at least 85% is achieved for the monthly labour force survey so as to ensure the sample retains its representativeness.

Seasonal Adjustment

The unemployment time series are influenced by seasonality – periodic fluctuations due to recurring calendar-related events such as holidays, and the beginning and end of school terms. Seasonal adjustment removes the influences of these fluctuations and allows users to derive a more meaningful analysis of the trends in a data series, especially for those with strong seasonal patterns.

The seasonally adjusted figures are derived using X-12 ARIMA program which removes seasonal influences in the data series. To ensure a more accurate reflection of seasonally adjusted figures, concurrent seasonal adjustment is also being done and the latest information available will be incorporated.

Revisions

In order to present timely data at the highest frequency, the monthly unemployment figures are subjected to revisions when the latest population figure becomes available or when the seasonal factors are updated with the latest data.

Retrenchments

Source

Labour Market Survey

Coverage

Before 2006, the survey covers private establishments with at least 25 employees. From 2006 onwards, the survey also includes the public sector comprising government ministries, organs of state and statutory boards.

Concepts and Definitions

Retrenchment refers to

- i) termination of permanent employees due to redundancy; and
- ii) early termination of term contract employees due to redundancy.

In the public sector, it includes those who left service under the Special Resignation Scheme².

Uses and Limitations

Data on retrenchment are useful in the analysis of re-structuring or ailing industries.

The number of retrenched persons (flow) should not be confused with persons unemployed (stock). Not all retrenched persons will be unemployed as some will re-enter into employment or decide to leave the labour force. If the persons have not found a new job and are actively looking and available for work, they join the pool of unemployed.

² The Special Resignation Scheme (introduced in April 1988) allows redundant non-deployable Civil Service or Statutory Board employees to leave their organisations with compensation.

OTHER RELEASES



UPCOMING ...

Labour Market Report First Quarter 2021	14-18 Jun 2021*
Singapore Yearbook Of Manpower Statistics 2021	30 Jun 2021

PAST ...

Labour Market Advance Release First Quarter 2021	28 Apr 2021
Job Vacancies Report 2020	9 Apr 2021
Labour Market Report 2020	16 Mar 2021
Conditions Of Employment 2020	3 Mar 2021
Labour Market Advance Release 2020	28 Jan 2021
Labour Force In Singapore 2020	28 Jan 2021
Labour Market Report Third Quarter 2020	17 Dec 2020
Labour Force In Singapore Advance Release 2020	3 Dec 2020
Labour Market Advance Release Third Quarter 2020	30 Oct 2020

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**The actual date of release will be indicated at least a week before the scheduled publication date.*