

First Quarter 2023

Labour Market Advance Release



MINISTRY OF
MANPOWER

Manpower Research
and Statistics Department

COPYRIGHT NOTICE

LABOUR MARKET ADVANCE RELEASE 3RD QUARTER 2023

ISSN 0219-2527

© 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 (MRSD) are governed by the provisions of the Statistics Act 1973 (2020 Revised Edition). 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.

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.

For data requests and queries pertaining to our reports, reach out to us at mom_rsd@mom.gov.sg.

CONTENTS

	ii
Notations and Abbreviations	
	1
Highlights	
	2
Labour Market Advance Release 8 th of Quarter 202%	
Overview	2
Employment	2
Unemployment	5
Retrenchment	6
	A1
Explanatory Notes	

Notations

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

Abbreviations

- MDW : Migrant Domestic Workers
- MOM : Ministry of Manpower
- SSIC : Singapore Standard Industrial Classification
- excl : Excluding

Highlights

Advance estimates showed that labour market improvements have moderated in 1Q 2023. While unemployment rates stayed low, employment growth for residents and non-residents have slowed. Retrenchments also rose for the third consecutive quarter.

Global economic headwinds have contributed towards a slowdown in Singapore's economy, which will weigh on labour demand going forward, particularly for outward-oriented sectors. The rising retrenchments and slowing employment growth foreshadow a softer labour market in coming months. Employment growth is likely to ease and remain uneven across sectors, and unemployment rates could edge up from their current lows.

- Total employment expanded for the sixth consecutive quarter and continued to surpass its pre-pandemic level by 3.9%. However, both resident and non-resident employment growth have moderated. Similar to past quarters, non-residents contributed to most of the total employment increase, and was concentrated in *Construction*. Resident employment saw the largest gains in *Community, Social & Personal Services* (mainly in *Public Administration & Education*) and *Financial Services*.
- Retrenchments rose across all three broad sectors. The top reasons for retrenchments were business reorganisation or restructuring and downturn in the industry.
- Notwithstanding the uptick in retrenchments, unemployment rates stayed low in March 2023. Hiring sentiments remained buoyant, with a majority of polled firms indicating their intention to increase headcount in the next three months. However, the slowing employment growth suggests that the magnitude of increase in headcount may be more muted.
- More firms had intentions to raise the wages of their employees, amid stiff competition among firms to retain and attract talent. Nonetheless against the backdrop of the global economic slowdown and a more uncertain business environment, firms are likely to take a more cautious and targeted approach regarding salary increments.

The *Labour Market Report First Quarter 2023*, to be released in mid-June 2023, will provide more details, such as resident and non-resident employment, sectoral breakdowns, number of job vacancies, labour turnover, and re-entry rates among retrenched residents.

For data requests and queries pertaining to our report, reach out to us at mom_rsd@mom.gov.sg.

Overview

Advance estimates showed that labour market improvements have moderated in 1Q 2023. While unemployment rates stayed low, employment growth for resident and non-residents have slowed. Retrenchments also rose for the third consecutive quarter.

Global economic headwinds have contributed towards a slowdown in Singapore's economy. This will weigh on labour demand going forward, particularly for outward-oriented sectors. Employment growth is likely to ease and remain uneven across sectors, and unemployment rates could edge up from their current lows.

Employment^{P,1,2}

Total employment (excluding Migrant Domestic Workers) expanded for the sixth consecutive quarter in 1Q 2023 (34,500). By March 2023, the total employment level had surpassed its pre-pandemic level³ by 3.9%.

Most of the growth in 1Q 2023 came from non-residents, though the non-resident increase has moderated for the second consecutive quarter. Resident⁴ employment⁵ growth also eased from previous quarter's seasonal high. In March 2023, resident employment continued to surpass its pre-pandemic level, and non-resident employment exceeded its pre-pandemic level for the first time.

Trends in resident employment growth were mixed across industries. Gains were largest in *Community, Social & Personal Services* (mainly in *Public Administration & Education*) and *Financial Services*. In contrast, resident employment either declined or saw muted growth in other outward-oriented or trade-related sectors such as *Wholesale Trade, Information & Communications*, and *Manufacturing*, amidst softening global demand conditions.

Non-resident employment continued to grow across all sectors, led by *Construction* which is more reliant on non-resident workers.

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

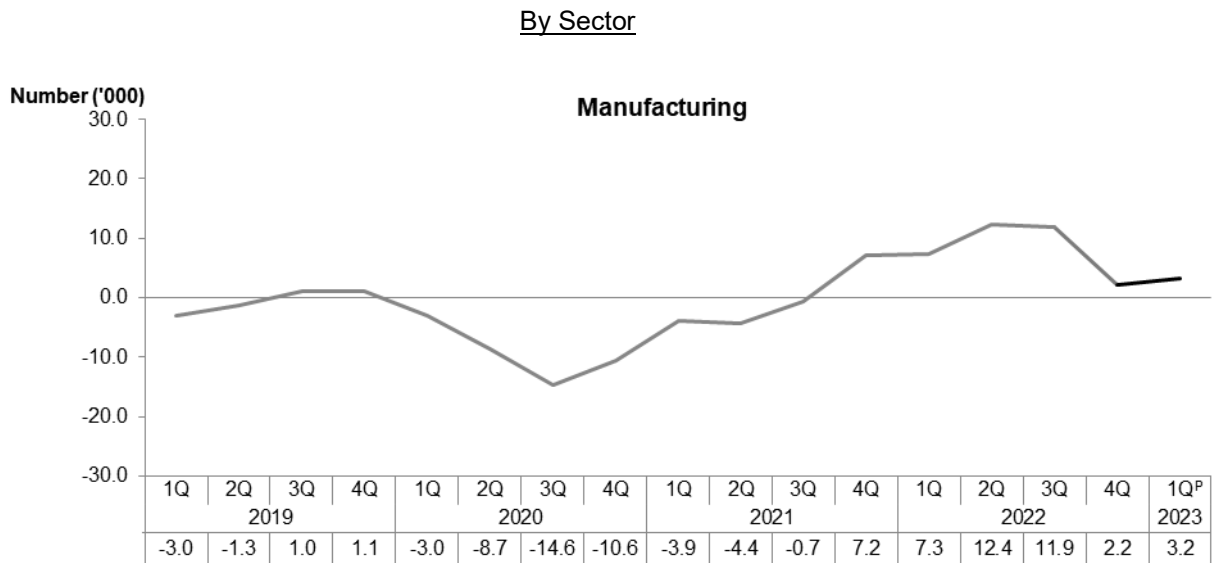
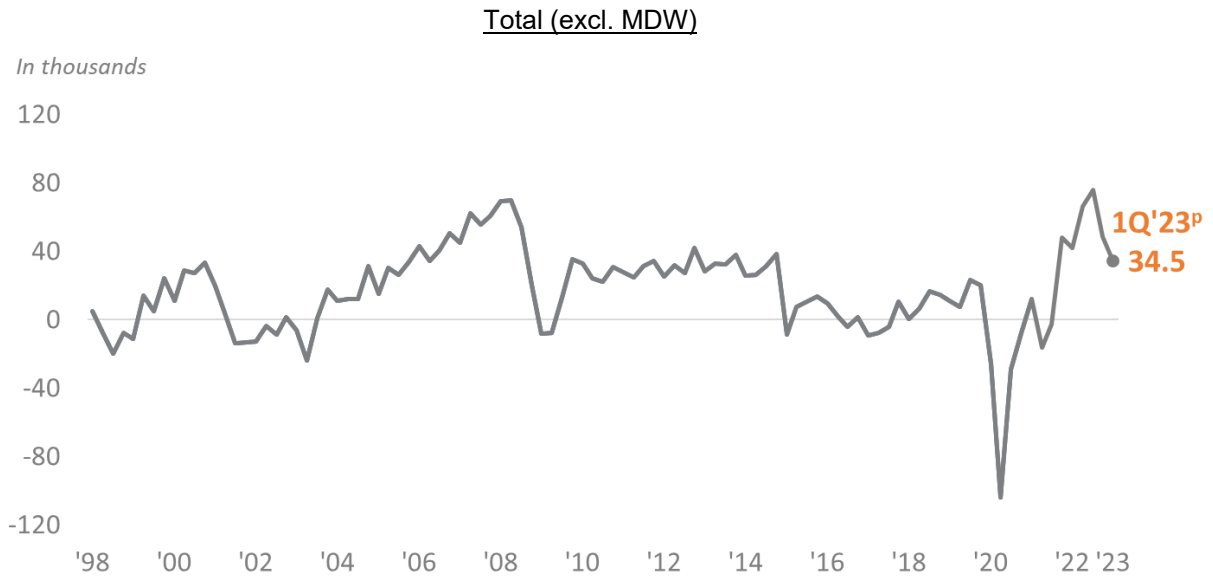
² Based on preliminary estimates, 487,200 persons were employed in *Manufacturing*, 508,100 in *Construction*, and 2,913,700 (2,639,500 excl. MDW) in *Services* in March 2023. Employment totalled 3,933,700 (3,659,500 excl. MDW) in March 2023 (total includes other sectors like agriculture, fishing etc.).

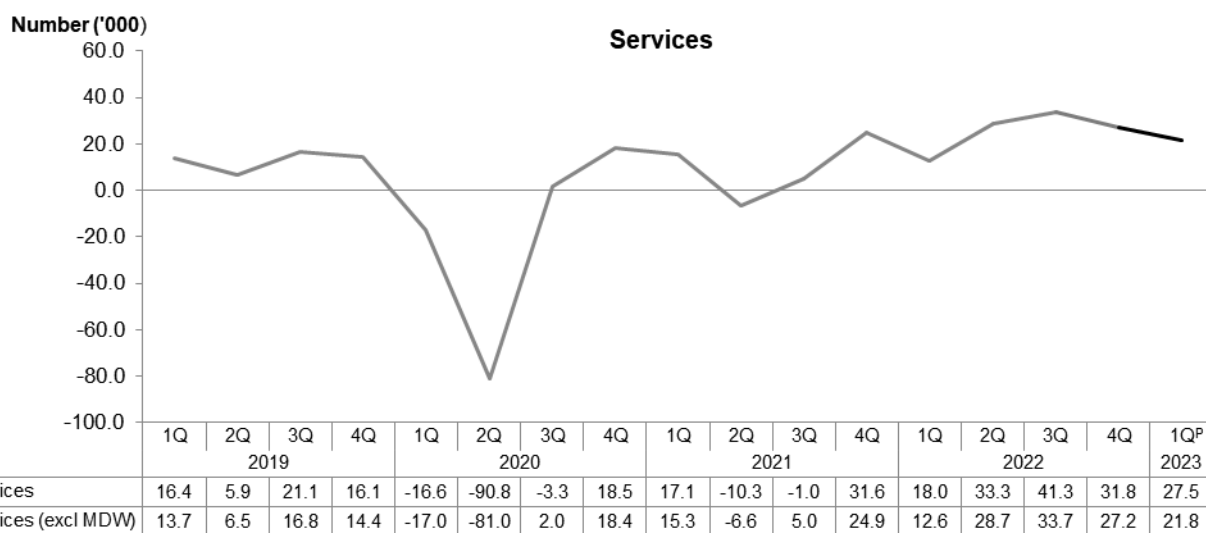
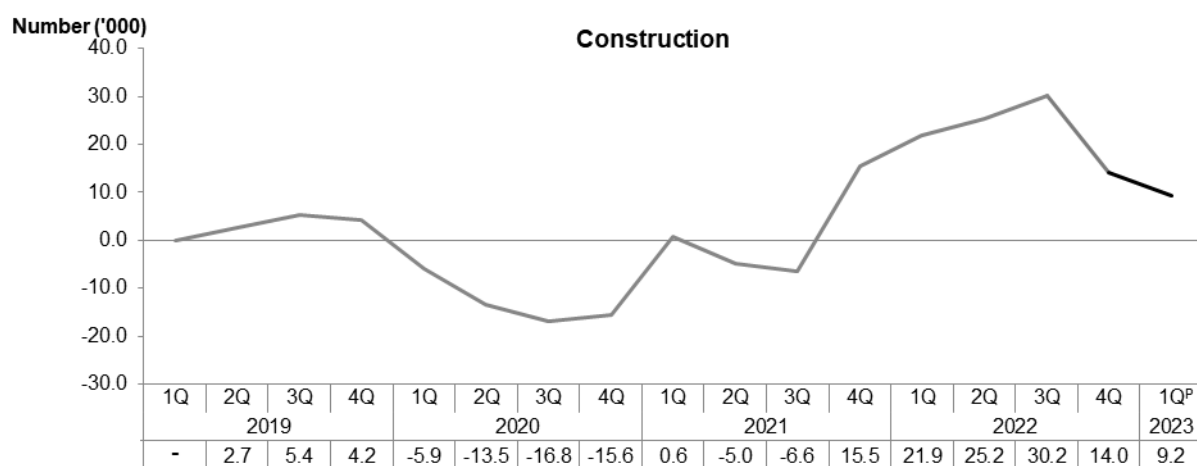
³ This refers to December 2019.

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

⁵ As per the Department's usual practice, resident and non-resident quarterly employment change figures will not be released for the Labour Market Advance Release. These figures will be published in the Labour Market Report First Quarter 2023, to be released in mid-June 2023.

Chart 1 Quarterly Employment Change





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

P: Preliminary

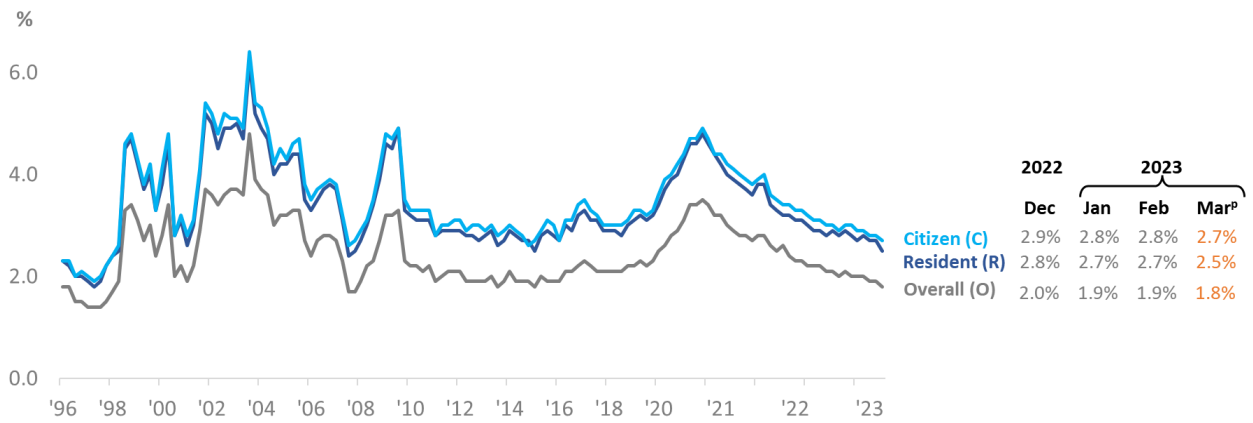
Notes:

- (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 2020.
- (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.
- (5) "-": nil or negligible

Unemployment^P

Unemployment rates remained low in March 2023 (overall: 1.8%, residents: 2.5%, and citizens: 2.7%). Over the quarter, the number of unemployed residents fell from 67,100 to 61,500 in March 2023, of which 54,900 were citizens.⁶

Chart 2 Unemployment Rates (Seasonally Adjusted)



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

^P: Preliminary

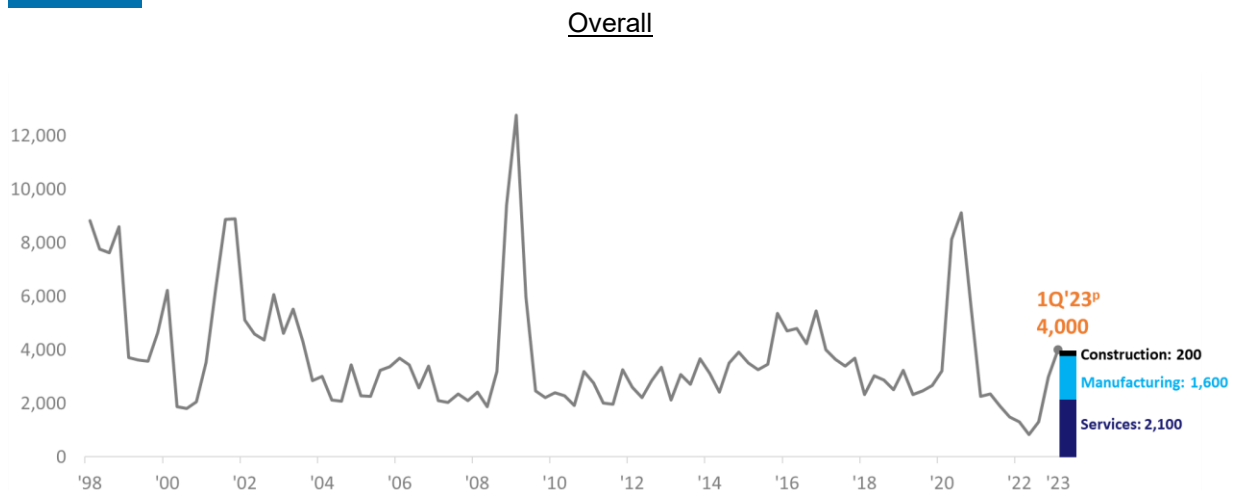
⁶ The share of citizens among unemployed residents is comparable with that of the labour force.

Retrenchments^P

The number of retrenchments is expected to increase, from 2,990 in 4Q 2022 to 4,000 in 1Q 2023.⁷ This was comparable with levels in 2016 and 2017.⁸ The rise in retrenchments was seen across all three broad sectors — *Manufacturing* (mainly in *Electronics Manufacturing*), *Construction* and *Services* (led by increases in *Professional Services* and *Information & Communications*).

Business reorganisation/restructuring continued to be a top reason for retrenchments this quarter, as firms streamlined their operations in anticipation of a slowdown in the economy. As Singapore's economic growth slowed,⁹ downturn in the industry emerged as another top reason this quarter.

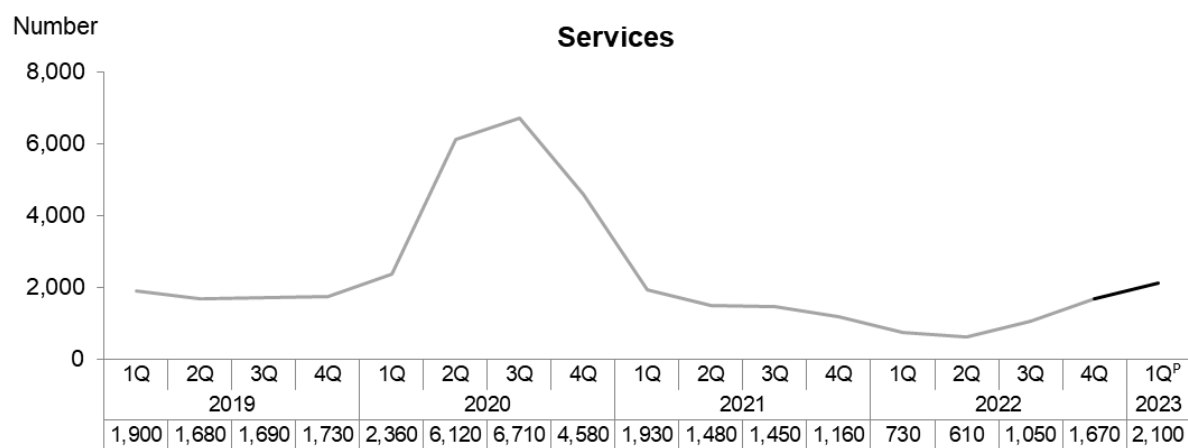
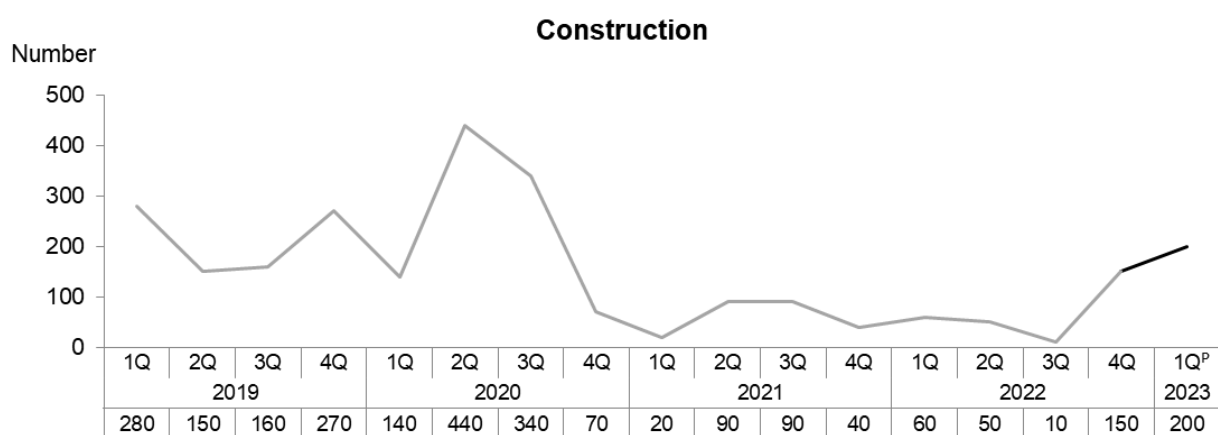
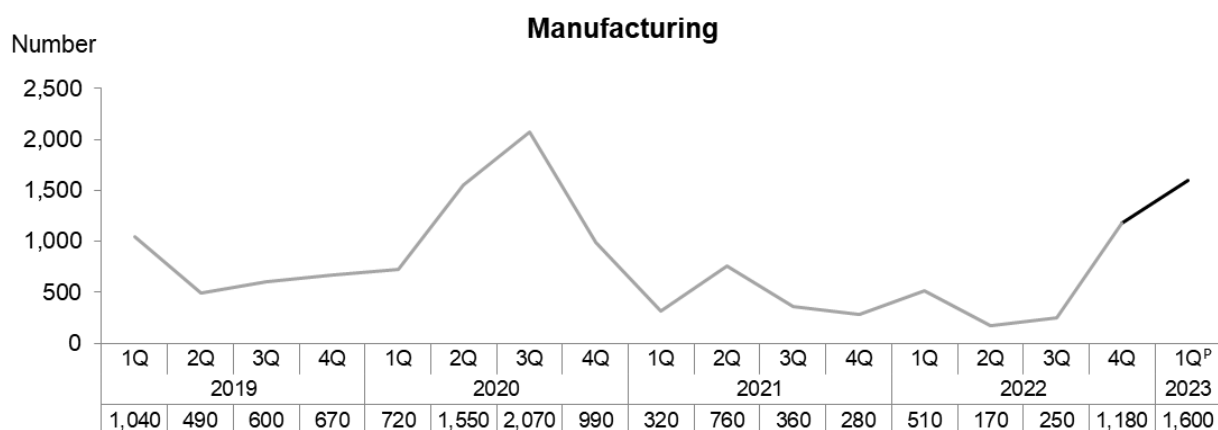
Chart 3 Quarterly Retrenchments



⁷ In 1Q 2023, there were 1.9 retrenchments per 1,000 employees, up from 1.4 in 4Q 2022.

⁸ In 2016/2017, quarterly retrenchments ranged from 3,400 to 5,440.

⁹ MTI's advance estimates showed that Singapore's gross domestic product grew by 0.1% on a year-on-year basis in 1Q 2023, slower than the 2.1% in the preceding quarter.

By Sector

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

P: Preliminary

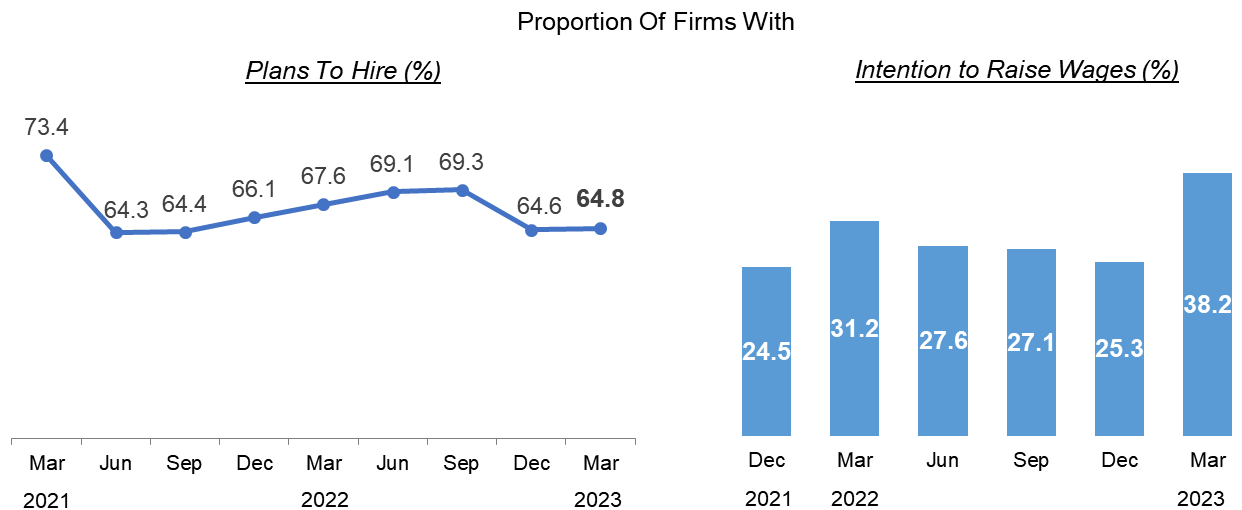
Notes:

- (1) 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.
- (2) The industries are classified based on SSIC 2020.
- (3) Data for the three major sectors may 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.

Hiring sentiments in the next three months continued to be positive based on company polls, with a majority (64.8%) of firms reporting plans to hire more employees. However, the slowing employment growth suggests that the magnitude of increase in headcount may be more muted.

More firms planned to raise wages, from 25.3% in December 2022 to 38.2% in March 2023. A similar increase was also observed during the same period a year ago. Companies may plan wage increases to retain and attract talent amid stiff competition among firms. Nonetheless, against the backdrop of the global economic slowdown and a more uncertain business environment, firms are likely to take a more cautious and targeted approach with salary increments.

Chart 4 Hiring and Wage Expectations for the Next Three Months



Source: Manpower Research & Statistics Department, MOM

Note:

Data reflect proportion of companies who indicated yes or maybe to having plans to hire or to raising wages in the next three 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 non-residents 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 non-resident 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 2020, top-line unemployment rates for overall, residents and citizens for the month will be released on a monthly basis by the first week of the month after next. This availability of top-line unemployment rates on a monthly basis will enable us to detect shifts in the unemployment 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>.

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 ...

Report On Wage Practices 2022	25-31 May 2023*
Labour Market Report First Quarter 2023	12-16 Jun 2023*
Singapore Yearbook Of Manpower Statistics 2023	30 Jun 2023

PAST ...

Labour Market Advance Release First Quarter 2023	28 Apr 2023
Job Vacancies 2022	30 Mar 2023
Labour Market Report Fourth Quarter 2022	15 Mar 2023
Labour Market Advance Release 2022	31 Jan 2023
Labour Force In Singapore 2022	31 Jan 2023
Labour Market Report Third Quarter 2022	15 Dec 2022
Labour Force In Singapore Advance Release 2022	1 Dec 2022
Labour Market Advance Release Third Quarter 2022	28 Oct 2022

More releases are available online @ <https://stats.mom.gov.sg>
You may also subscribe to our email alert for the latest releases



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