Report on Wage Practices 2016

MINISTRY OF
MANPOWER

Manpower Research and Statistics Department
Singapore

May 2017

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MISSION

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

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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
MVC	:	Monthly Variable Component
NRAF	:	Non Rank-and-File
NWC	:	National Wages Council
PWM	:	Progressive Wage Model
RAF	:	Rank-and-File

HIGHLIGHTS

Overview

- Fewer firms were profitable in 2016 compared to 2015. As the majority of firms had put in place some form of flexible and performance-based wage system that gave flexibility to adjust wages according to business conditions, total wage increase continued to moderate. The proportion of employers that gave wage increases to their employees also fell in 2016, resulting in a slightly lower proportion of employees with an increase in total wage.

Main Findings

- The proportion of profitable private establishments continued to decline from 79% in 2015 to 76% in 2016. The proportion of establishments with similar profits declined (2015: 29%, 2016: 23%). Establishments which were profitable but did not do as well as the previous year (2015: 38%, 2016: 41%) and incurred losses (2015: 21%, 2016: 24%) rose. The proportion of establishments that were more profitable than a year ago held steady (2015: 12%, 2016: 13%).

- 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, 90% of private sector employees were working in establishments which had at least one of the recommended flexible wage component, the highest since data was first collected in 2004.[1]

- Total wages (including employer CPF contributions) of private sector employees grew at a slower pace of 3.1% in 2016, compared with the 4.9% increase in 2015. This reflected a moderation in basic wage growth from 4.2% in 2015 to 3.5% in 2016. Bonus payouts remained similar at 2.16 months of basic wage. After accounting for inflation[2], real total wage growth also moderated (2015: 5.4%, 2016: 3.6%).

- The proportion of establishments that raised total wage in 2016 (58%) was lower than a year ago (64%). On the other hand, more cut total wage (2015: 11%, 2016: 17%). A similar proportion (25%) kept wages unchanged. Nevertheless, 75% of employees received an increase in total wage, compared with 77% in 2015.

- Among the private establishments with low-wage employees earning a monthly basic wage of up to $1,100, 40% granted wage increases to those employees in 2016, lower than the 46% in 2015. Specifically, 21% adopted the NWC recommended quantum for these low-wage workers in 2016, higher than 18% in 2015. Similarly, while fewer establishments with low-wage employees earning up to $1,100 on outsourced service contracts granted wage increases to these employees in 2016 (61%), compared to 2015 (68%), more establishments adopted the NWC recommended quantum in 2016 (49%) compared to 2015 (42%). As the majority of low-wage employees on outsourced service contracts were working in PWM sectors e.g. cleaning,

[1] Having a narrow maximum-minimum salary ratio remained the most common wage recommendation adopted in December 2016. This was followed by linking variable bonus to Key Performance Indicators (KPI) and having the Monthly Variable Component (MVC) in the wage structure.

[2] The inflation rate was constant at -0.5% in 2015 and 2016.

landscaping and security, they enjoyed higher wage increases than low-wage employees in general.

Report on Wage Practices 2016

1 Overview

1.1 Fewer firms were profitable in 2016 compared to 2015. As the majority of firms had put in place some form of flexible and performance-based wage system that gave flexibility to adjust wages according to business conditions, total wage increase continued to moderate. The proportion of employers that gave wage increases to their employees also fell in 2016, resulting in a slightly lower proportion of employees with an increase in total wage.

1.2 The findings are based on data from the Survey on Annual Wage Changes[3] which effectively covered 4,800 private establishments each with at least 10 employees. This yielded a survey response rate of 90%. The survey coverage and methodology are explained in Annex 2.

2 Background

2.1 The Singapore economy grew by 2.0% in 2016, similar to the 1.9% a year ago. The growth was driven by the electronics and biomedical manufacturing clusters, transportation & storage, and education, health & social services segments, while some sectors experienced cyclical weaknesses. The resident unemployment rate rose in 2016 after holding steady in the past four years.

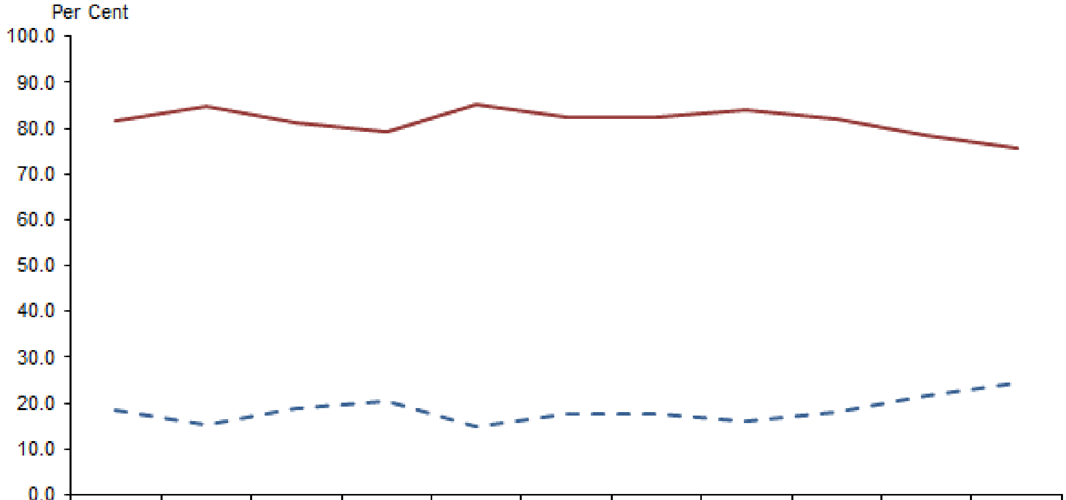
2.2 The proportion of profitable establishments declined to 76% in 2016 for the third consecutive year (Chart 1). The decline was broad-based across major industries and among small & medium-sized enterprises with less than 200 employees, [4] while the proportion held steady for large firms. Consequently, the proportion of employees working in profitable establishments was similar to last year (2015: 87%, 2016: 86%).

[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 proportion of profitable establishments fell from 77% in 2015 to 69% in 2016 in manufacturing; from 81% to 78% in construction; and from 78% to 77% in services. Among small and medium-sized enterprises, the proportion also fell from 78% to 75%.

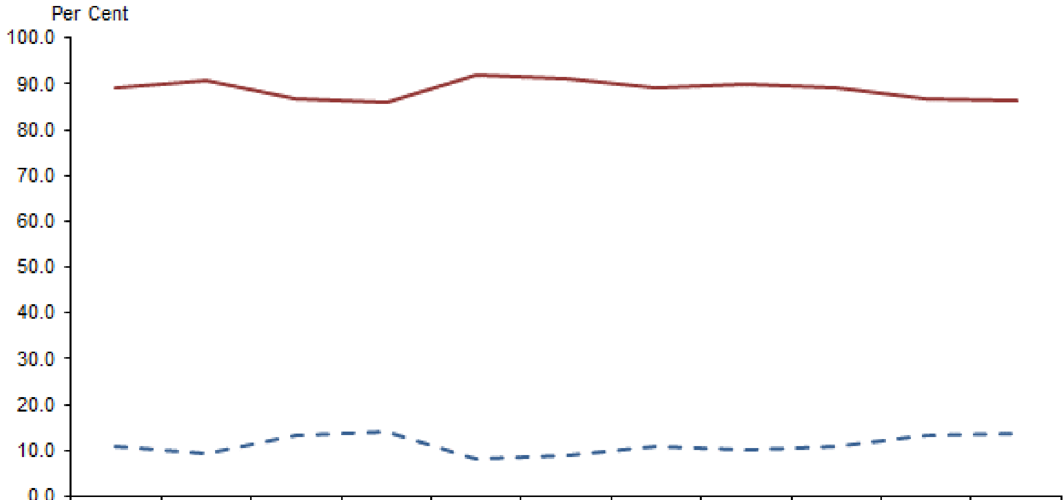
Chart 1: Distribution Of Establishments And Employee Coverage By Profit Status, 2006 – 2016

Establishments



	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Profitable Firms	81.4	84.9	81.0	79.4	85.1	82.4	82.3	84.0	82.1	78.5	75.7
Loss-making Firms	18.6	15.1	19.0	20.6	14.9	17.6	17.7	16.0	17.9	21.5	24.3

Employee Coverage



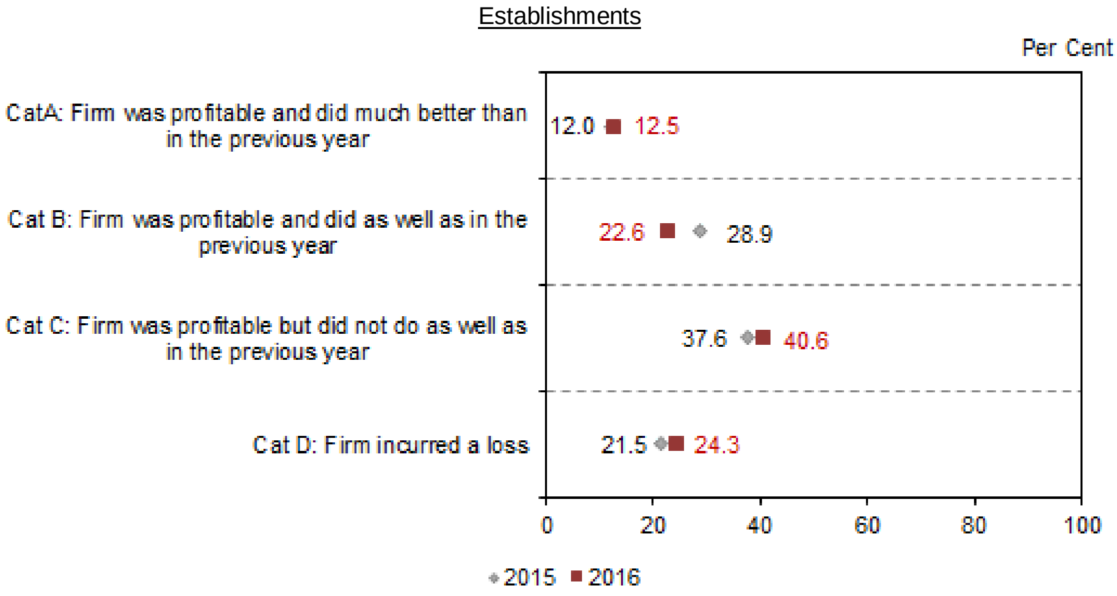
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Profitable Firms	89.2	90.6	86.8	86.0	91.8	91.2	89.2	90.0	89.2	86.8	86.5
Loss-making Firms	10.8	9.4	13.2	14.0	8.2	8.8	10.8	10.0	10.8	13.2	13.5

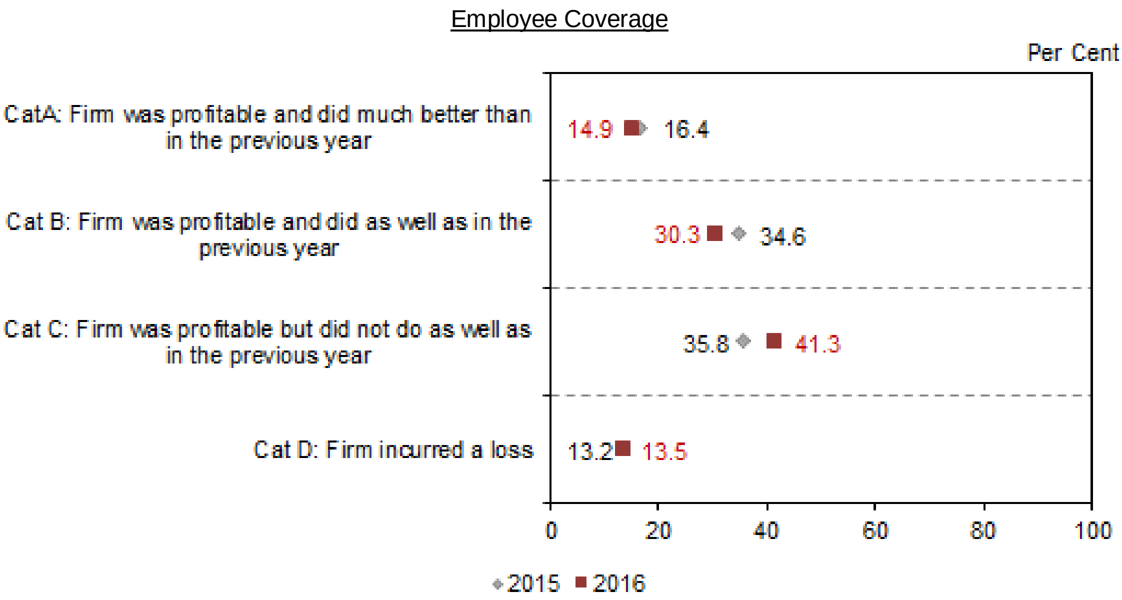
Source : Survey on Annual Wage Changes, Manpower Research and Statistics Department, MOM

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

2.3 The proportion of establishments with similar profits as a year ago declined, while those which did not do as well as the previous year, or incurred losses rose. The proportion for those that were more profitable was similar (Chart 2).

Chart 2: Distribution Of Establishments And Employee Coverage By Detailed Profit Status, 2015 And 2016





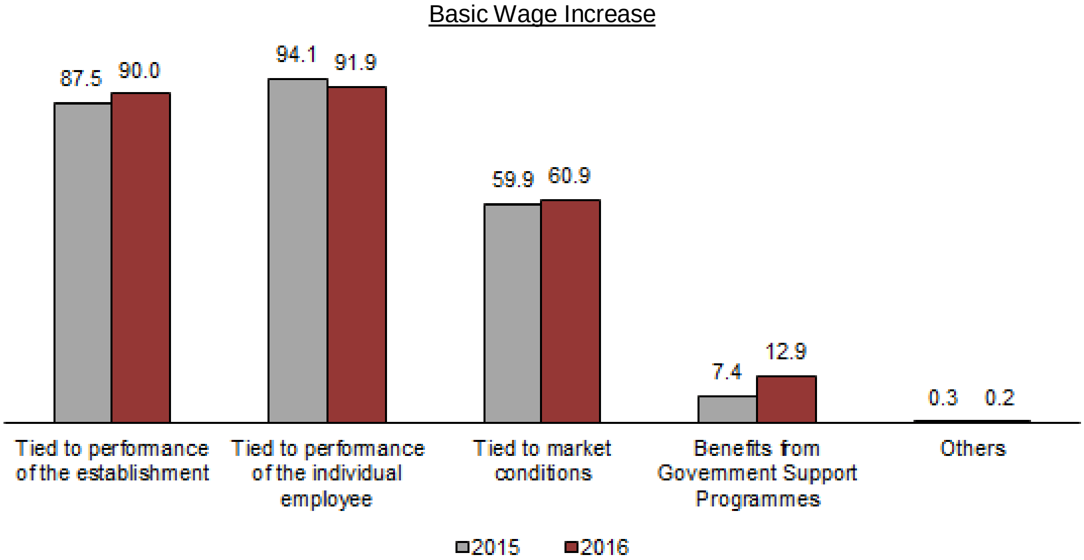
Source : Survey on Annual Wage Changes, Manpower Research and Statistics Department, MOM

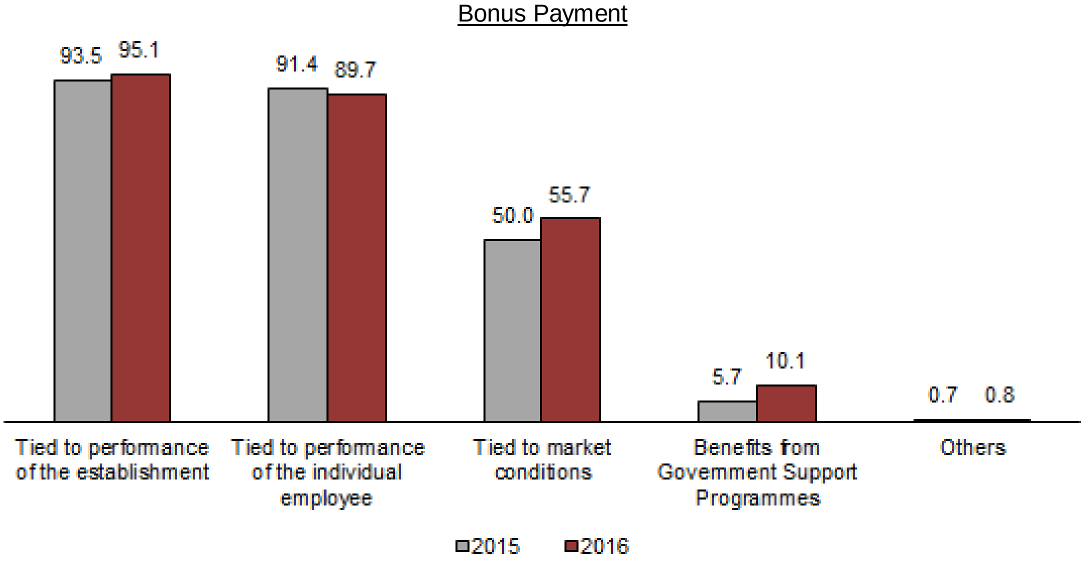
Notes: (1) Based on private sector establishments that disclosed their profit status in 2015 and 2016.
(2) Figures may not sum up to 100% due to rounding.
(3) Cat A to C pertain to profitable establishments, while Cat D pertain to loss-making firms.

A growing proportion of establishments indicated that wage increase and bonus were determined by establishment's performance and market conditions

2.4 The majority of establishments cited *establishment* and *employee performance* as determinants of wage increases and bonuses in 2016. Comparing 2016 with 2015, the proportion of establishments which cited *establishment performance* and *market conditions* rose. More establishments also indicated *benefits from government support* as a determinant.

Chart 3: Proportion Of Establishments By Factors Taken Into Consideration When Determining Basic Wage Increases And Bonuses, 2015 And 2016





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.

The proportion of employees covered under a flexible and performance-based wage system remained high in 2016

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, 90%[5] of private sector employees were working in establishments which had at least one of the recommended flexible wage components[6], the highest since data was first collected in 2004[7] (Chart 4).

2.6 By firm size, the proportion of employees working in small and medium establishments employing 25 to 199 employees covered by at least one flexible wage component rose from 72% in 2004 to 84% in 2016. However, it remained lower than 94% for large establishments, though the gap has narrowed.

2.7 Having a narrow maximum-minimum salary ratio remained the most common wage recommendation adopted, covering 63% of private sector employees in December 2016.[8] This was followed by linking variable bonus to Key Performance Indicators (KPI) (55%)[9] and having the Monthly Variable Component (MVC) (35%) in the wage structure. The average maximum-minimum salary ratio of rank-and-file (RAF) employees in the private sector (1.47) remained below the 1.50 target, and was lower than that for the junior management (1.60). Details are in Annex 1.

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[5] One in ten (10%) private sector employees were not covered by any of the key wage recommendations. The bulk of them, representing 8.2% of all private sector employees, were working in establishments that were satisfied with their wage flexibility. See Annex 1 - Table 4.

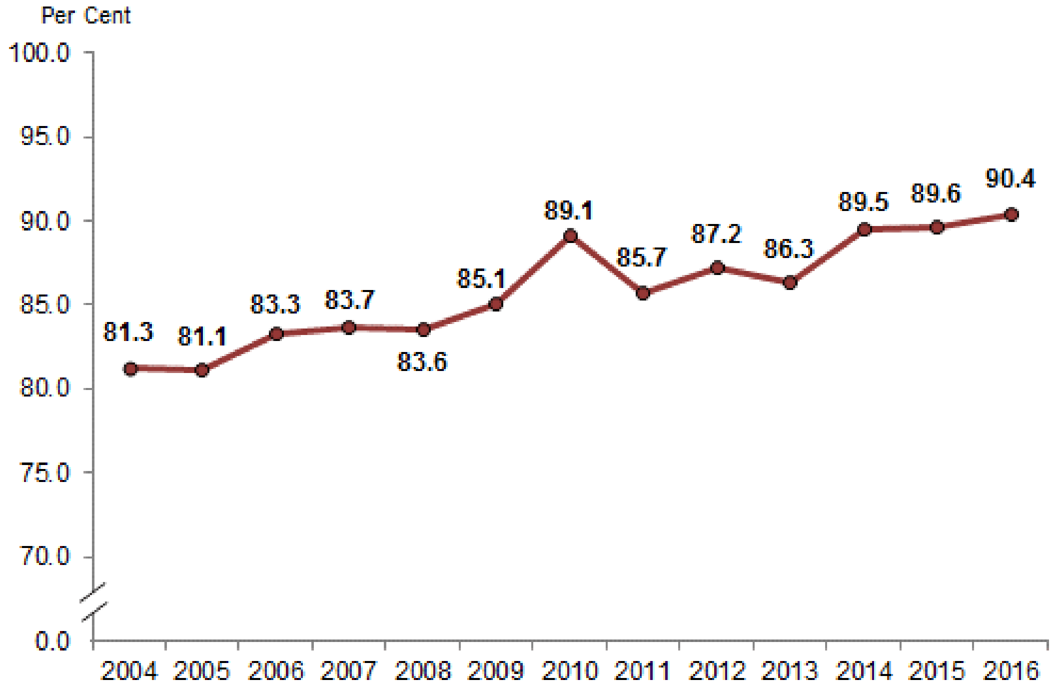
[6] Data pertain to private sector establishments each with at least 25 employees and are for the month of December. Establishments are considered to have some form of flexible wage system when they have adopted at least one of the following key wage recommendations: (1) implement variable bonus linked 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.

[7] 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.

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

[9] 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 firm profitability or productivity indicators.

Chart 4: Proportion Of Employees Under Some Form Of Flexible Wage System, 2004 – 2016



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

Fewer establishments raised total wages in 2016 than a year ago, resulting in a slightly lower proportion of employees with an increase in total wage

2.8 The proportion of establishments that raised total wage in 2016 (58%) was lower than a year ago (64%).[10] Nevertheless, 75% of employees received an increase in total wage, compared with 77% in 2015. The wage increase also declined to 4.9% in 2016, from 5.6% in 2015.

2.9 On the other hand, the proportion of establishments that cut total wage in 2016 increased from 2015 (2015: 11%, 2016: 17%). The wage declines were also steeper at -5.0% in 2016, compared to -4.7% the year before. A similar proportion (25%) kept wages unchanged (Chart 5).

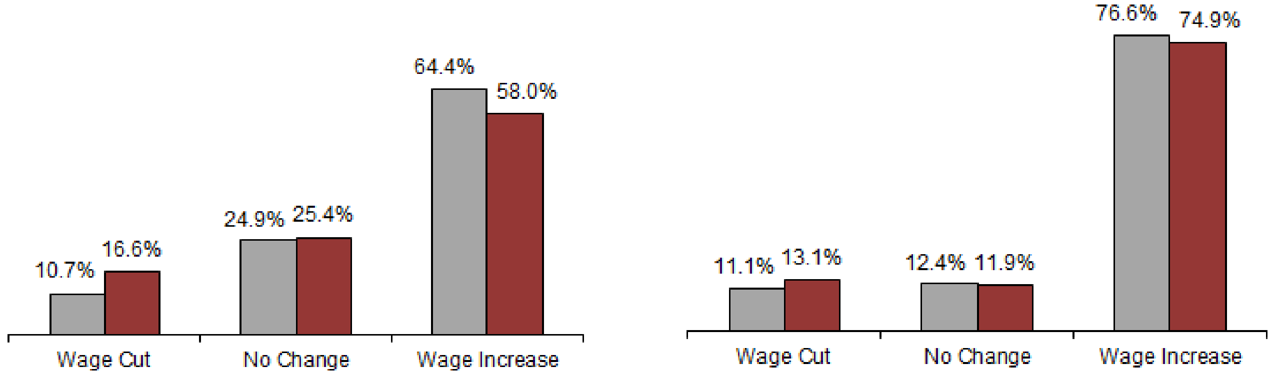
2.10 Similar findings were observed based on basic wage changes (Annex 1 – Chart 1).

[10] The proportion of establishments that gave wage increases to their employees (2015: 64%, 2016: 58%) was lower than the proportion of profitable establishments (2015: 79%, 2016: 76%) as not all profitable firms gave wage increases.

Chart 5:Distribution Of Establishments And Employee Coverage By Total Wage Change And Extent Of Total Wage Change, 2015 And 2016

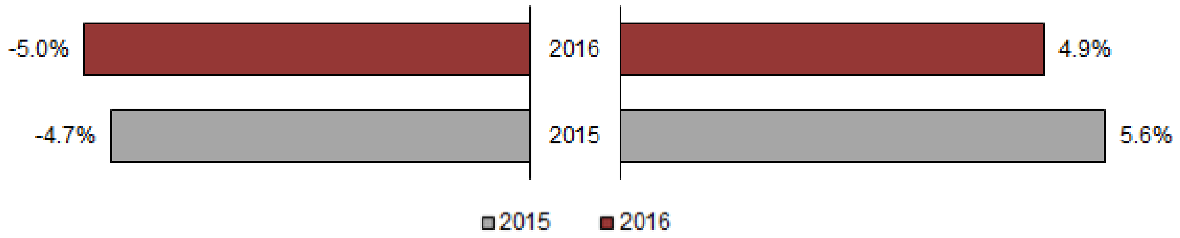
(A) Distribution By Total Wage Change

Establishments / Employee Coverage



(B) Extent of Total Wage Change Among Establishments

With Wage Cut / With Wage Increase



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

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

3 General Wage Trends

Wage increases continued to moderate in 2016

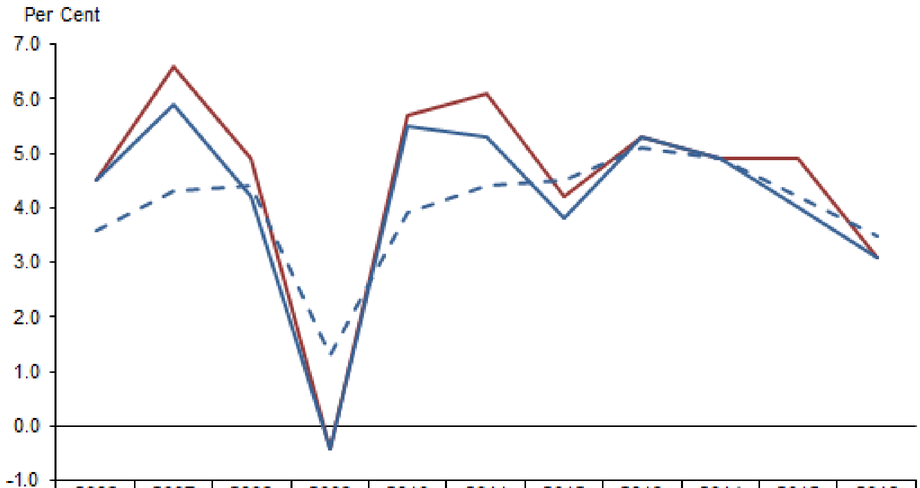
3.1 Growth in total wage (including employer CPF contributions) moderated from 4.9% in 2015 to 3.1% in 2016. This was due to a moderation in basic wage growth from 4.2% in 2015 to 3.5% in 2016. Bonus payments were largely similar (2015: 2.17 months of basic wage, 2016: 2.16). When employer CPF contributions were excluded, total wage growth also moderated (2015: 4.0%, 2016: 3.1%).

3.2 Growth in real total wage, both including and excluding CPF, also moderated as the rate of inflation was constant (Chart 6). [11]

[11] The rate of inflation, measured using Consumer Price Index (CPI) for all items, was -0.5%. Removing imputed rentals on owner-occupied accommodation from the inflation adjustment, real total wage (including employer CPF contributions) rose by 2.8%, moderating from the 4.8% rise in 2015. Excluding employer CPF contributions, real total wage rose by 2.8% in 2016, down from the 3.9% increase in 2015.

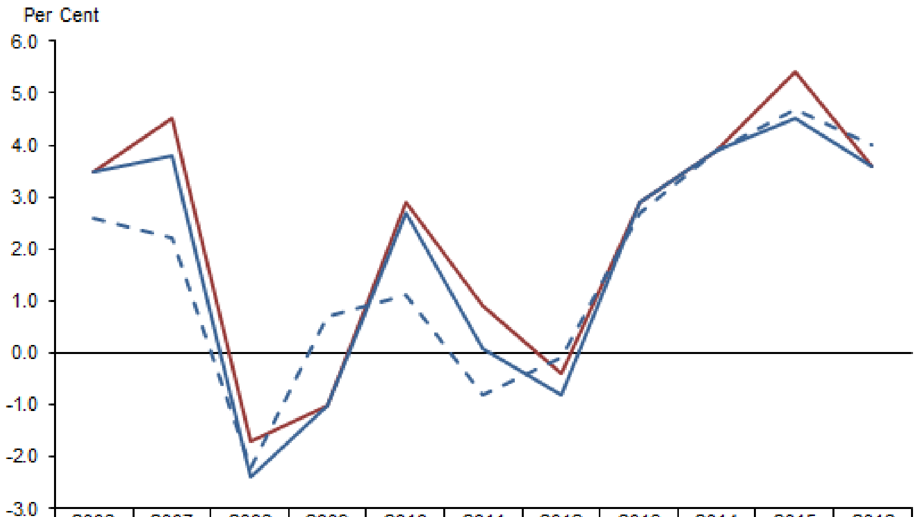
Chart 6: Annual Change In Total And Basic Wage, 2006 – 2016

Nominal



	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Total Wage (incl. employer CPF contributions)	4.5	6.6	4.9	-0.4	5.7	6.1	4.2	5.3	4.9	4.9	3.1
Total Wage	4.5	5.9	4.2	-0.4	5.5	5.3	3.8	5.3	4.9	4.0	3.1
Basic Wage	3.6	4.3	4.4	1.3	3.9	4.4	4.5	5.1	4.9	4.2	3.5

Real*

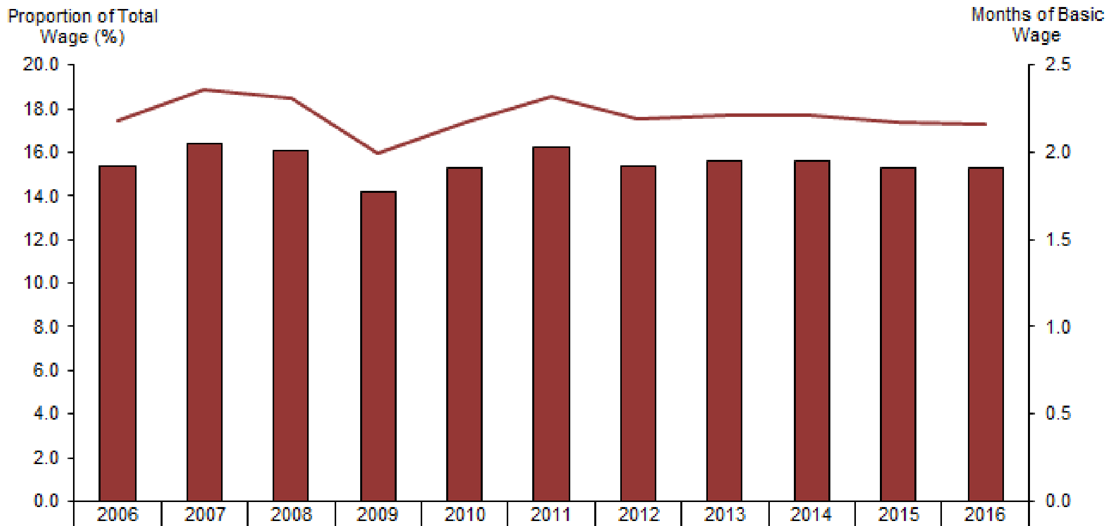


	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Real Total Wage (incl. employer CPF contributions)	3.5 (3.4)	4.5 (4.4)	-1.7 (-0.6)	-1.0 (0.0)	2.9 (2.4)	0.9 (1.9)	-0.4 (0.6)	2.9 (3.4)	3.9 (3.7)	5.4 (4.8)	3.6 (2.8)
Real Total Wage	3.5 (3.4)	3.8 (3.7)	-2.4 (-1.3)	-1.0 (0.0)	2.7 (2.2)	0.1 (1.1)	-0.8 (0.2)	2.9 (3.4)	3.9 (3.7)	4.5 (3.9)	3.6 (2.8)
Real Basic Wage	2.6 (2.5)	2.2 (2.1)	-2.2 (-1.1)	0.7 (1.7)	1.1 (0.6)	-0.8 (0.2)	-0.1 (0.9)	2.7 (3.2)	3.9 (3.7)	4.7 (4.1)	4.0 (3.2)

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). Figures in brackets are deflated by CPI less imputed rentals on owner-occupied accommodation at 2014 prices (2014 = 100).

Chart 7: Annual Variable Component, 2006 – 2016

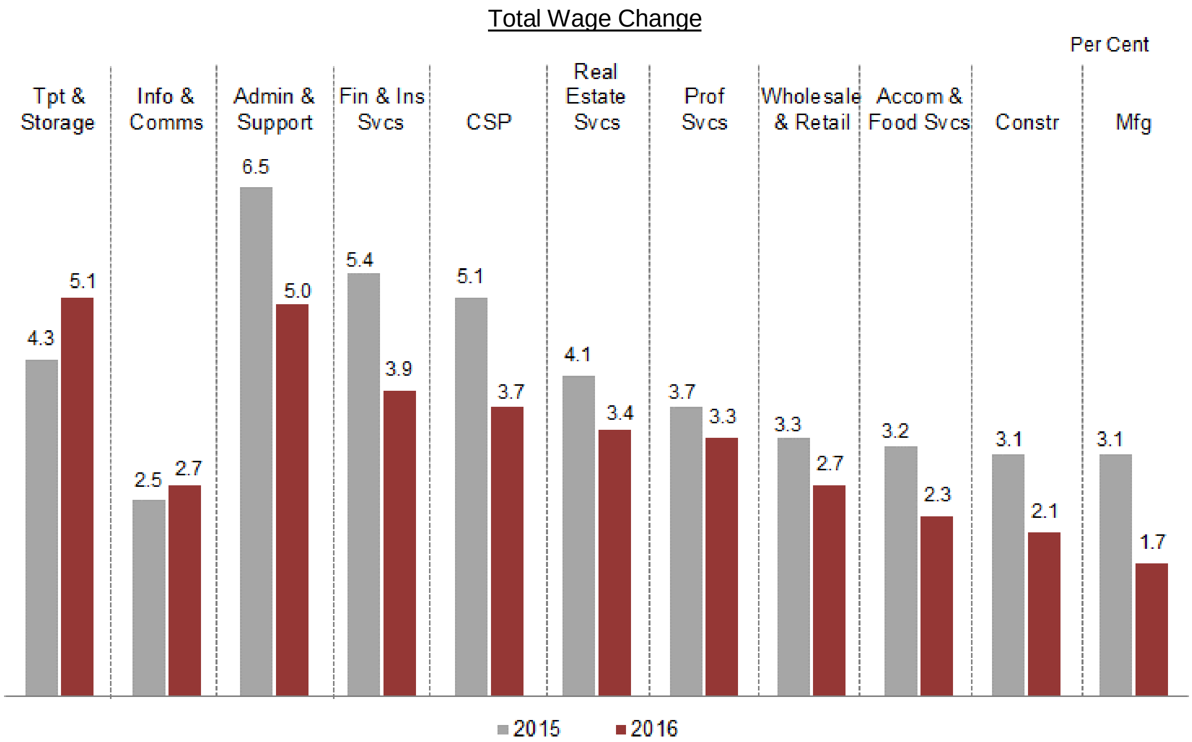


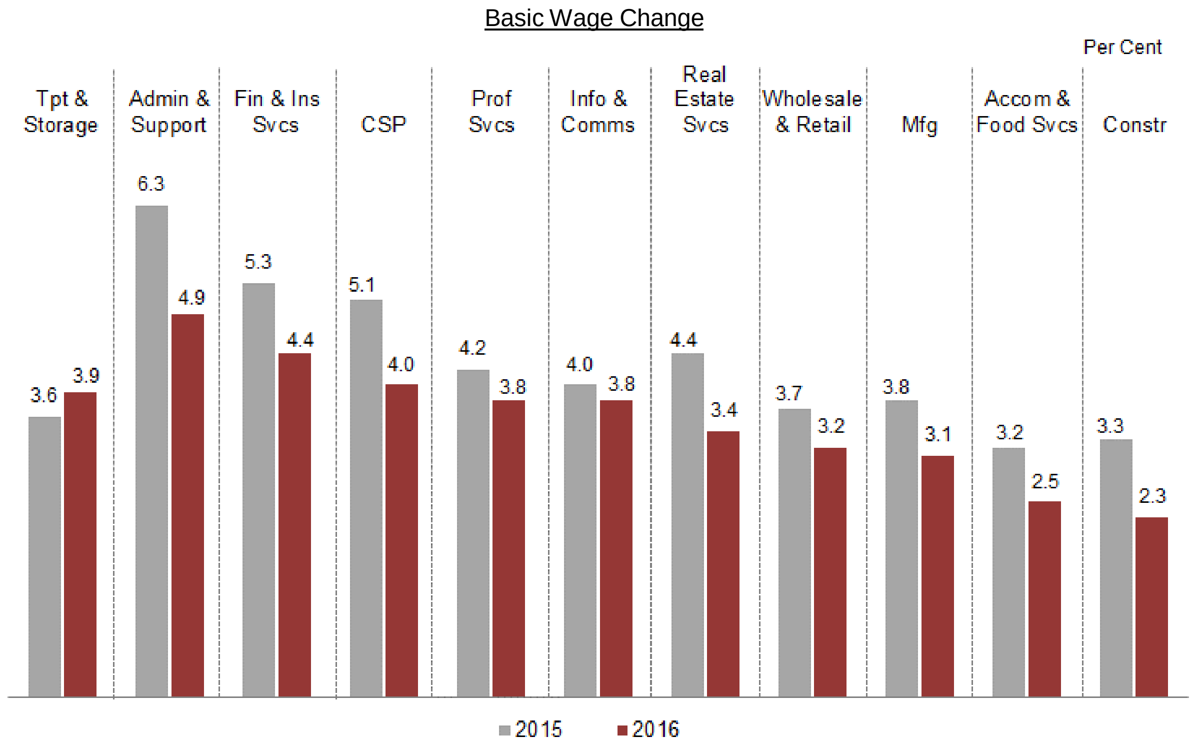
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Proportion (All)	15.4	16.4	16.1	14.2	15.3	16.2	15.4	15.6	15.6	15.3	15.3
Quantum (All)	2.18	2.36	2.31	1.99	2.17	2.32	2.19	2.21	2.21	2.17	2.16

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

3.3 There was a broad-based moderation in wage growth across industries. The exceptions were transportation & storage and information & communications, where the faster wage growth was mainly among rank-and-file employees (Chart 8).

Chart 8: Total And Basic Wage Change By Industry, 2015 And 2016





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

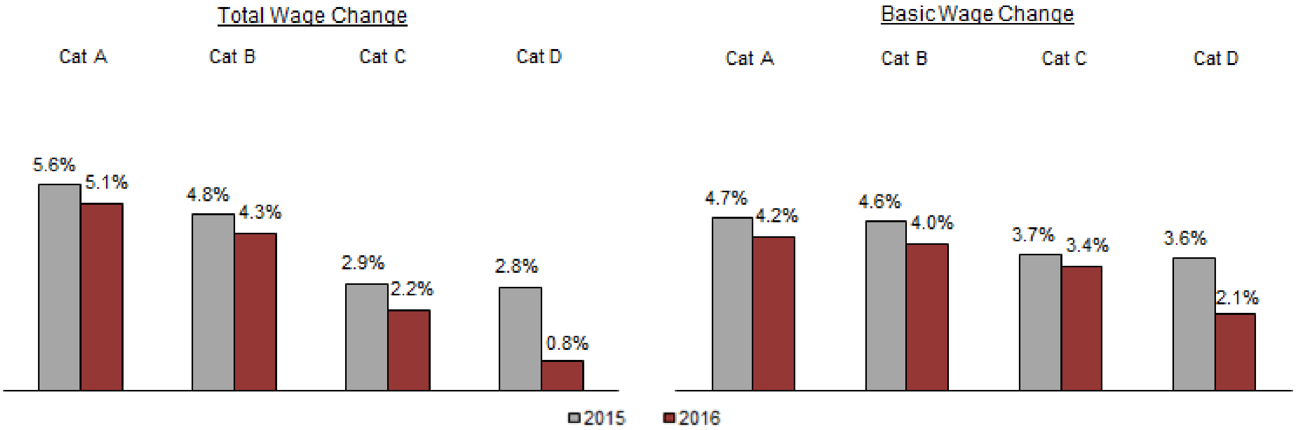
4 Wage Change and Profitability

Wage increases remained closely tied to profitability; wage increases moderated across firms, regardless of profit status

4.1 Firms which were more profitable continued to give higher wage increases than less profitable ones (Chart 9). Profitable firms also gave larger bonuses of at least 2 months in quantum compared with the 1.31 months given by loss-making firms (Chart 10).

4.2 There was a sharper moderation in wage increases among firms that incurred a loss.

Chart 9: Total And Basic Wage Change By Detailed Profit Status, 2015 And 2016

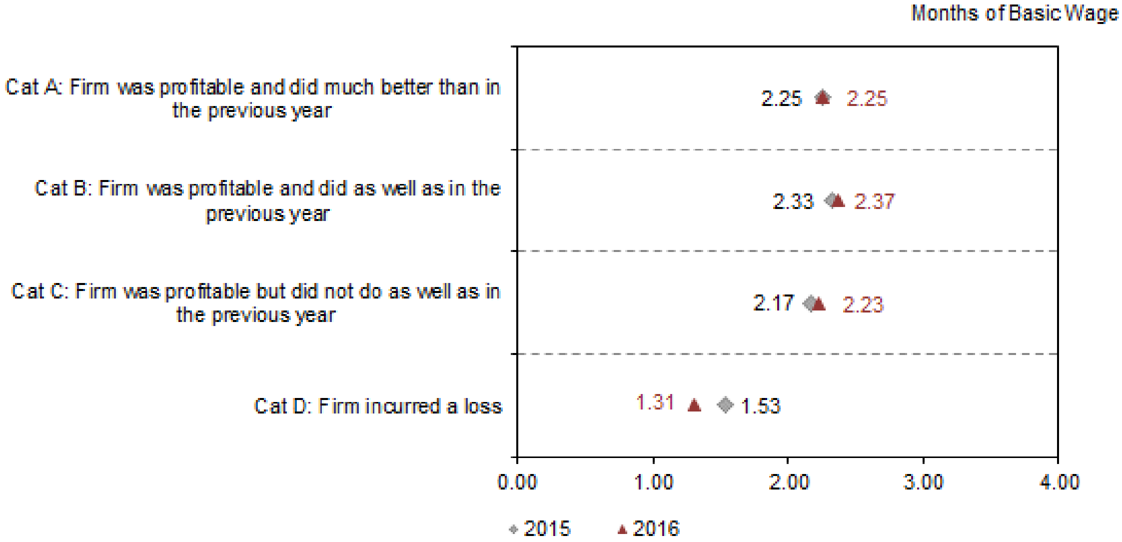


Category A : Firm was profitable and did much better than in the previous year
Category B : Firm was profitable and did as well as in the previous year
Category C : Firm was profitable but did not do as well as in the previous year
Category D : Firm incurred a loss

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 2015 and 2016.
(2) Cat A to C pertain to profitable establishments, while Cat D pertain to loss-making firms.

Chart 10: Annual Variable Component By Detailed Profit Status, 2015 And 2016



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 2015 and 2016.
(2) Cat A to C pertain to profitable establishments, while Cat D pertain to loss-making firms.

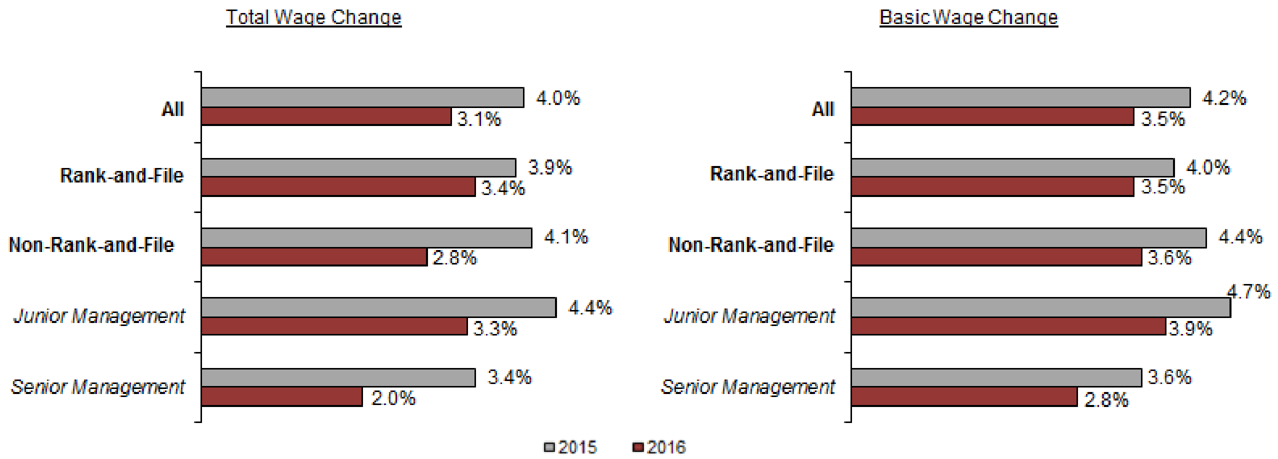
5 Wage Changes by Type of Employees

Moderation in wage growth more pronounced for non-RAF than RAF employees in 2016

5.1 Wages rose for both rank-and-file (RAF) and non-RAF employees in 2016, though at a slower pace than in 2015. The moderation in wage growth was broad-based across most industries (Annex 1 – Table 1).[12] As wage growth for non-RAF employees moderated more than RAF employees, the total wage increase (2.8%) of non-RAF lagged their RAF counterparts (3.4%) in 2016 (Chart 11). This was because the bonuses among non-RAF employees was of a smaller quantum than a year ago, reflecting the wage restraint applied on management ahead of other employees.

5.2 Notwithstanding this, the bonuses for RAF employees (1.90 months) remained lower than non-RAF (senior management: 2.43 months, junior management: 2.39 months) (Chart 12).

Chart 11: Total And Basic Wage Change By Type Of Employees, 2015 And 2016

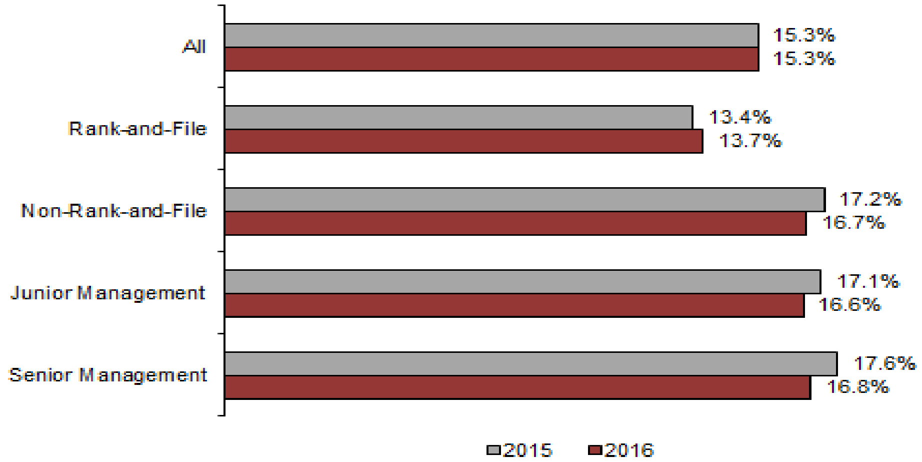


Source : Survey on Annual Wage Changes, Manpower Research and Statistics Department, MOM

Note : Non-rank-and-file comprise junior and senior management

[12] Some sectors did not see wage growth moderate in 2016. For example, RAF employees in information & communications and transportation & storage and non-RAF employees administrative & support services saw similar or faster wage increases in 2016 than the year before.

Chart 12: Annual Variable Component As A Proportion Of Total Annual Wage, 2015 And 2016



Annual Variable Component in Months of Basic Wage	
2015	2016
2.17 (-1.8%)	2.16 (-0.5%)
1.85 (-2.6%)	1.90 (+2.7%)
2.50 (-1.2%)	2.40 (-4.0%)
2.47 (-1.6%)	2.39 (-3.2%)
2.56 (-1.2%)	2.43 (-5.1%)

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

Notes: (1) Figures in brackets refer to percentage change in annual variable component over the year.
(2) Non-rank-and-file employees comprise junior and senior management employees.

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 three rounds of quantitative wage recommendations for those earning a basic monthly wage of up to $1,000. The recommended minimum built-in wage increase was $50 in 2012 and $60 in 2013 and 2014. To provide continued focus to those at the lower end, the minimum threshold was raised in its 2015/2016 guidelines to a basic monthly wage of up to $1,100. In its 2016/2017 guidelines, the NWC recommended that employers grant a built-in wage increase of at least $50 to $65 to workers earning a basic monthly wage of up to $1,100.

With a recommended quantum of increase of at least $50 in 2016 (compared with at least $60 in 2015), a larger proportion of firms adopted the NWC quantitative guidelines

6.2 With the recommended quantum of at least $50 in 2016 (compared with at least $60 in 2015), the proportion of firms that adopted the NWC quantitative guidelines rose, from 18% in 2015 to 21% in 2016.[13] Fewer firms gave an increase that was less than the recommended quantum (15%, 5.8%) or had not decided on the details (5.4%, 3.0%), while firms that gave other forms of wage increases[14] rose (7.6%, 10%). Overall, 40% of private establishments with employees earning basic monthly wage of up to $1,100 gave/intended to give wage increases to these employees in 2016, lower than the 46% in 2015 (Chart 13).

6.3 Among firms that did not grant wage increases to workers earning up to $1,100, top reasons cited were poor business (30%) and already paying market rate (25%). Some firms were also concerned over the impact on business/wage costs (14%). A minority indicated poor employee performance (4.5%) or constraints under existing contracts with clients (2.7%) (Chart 14).

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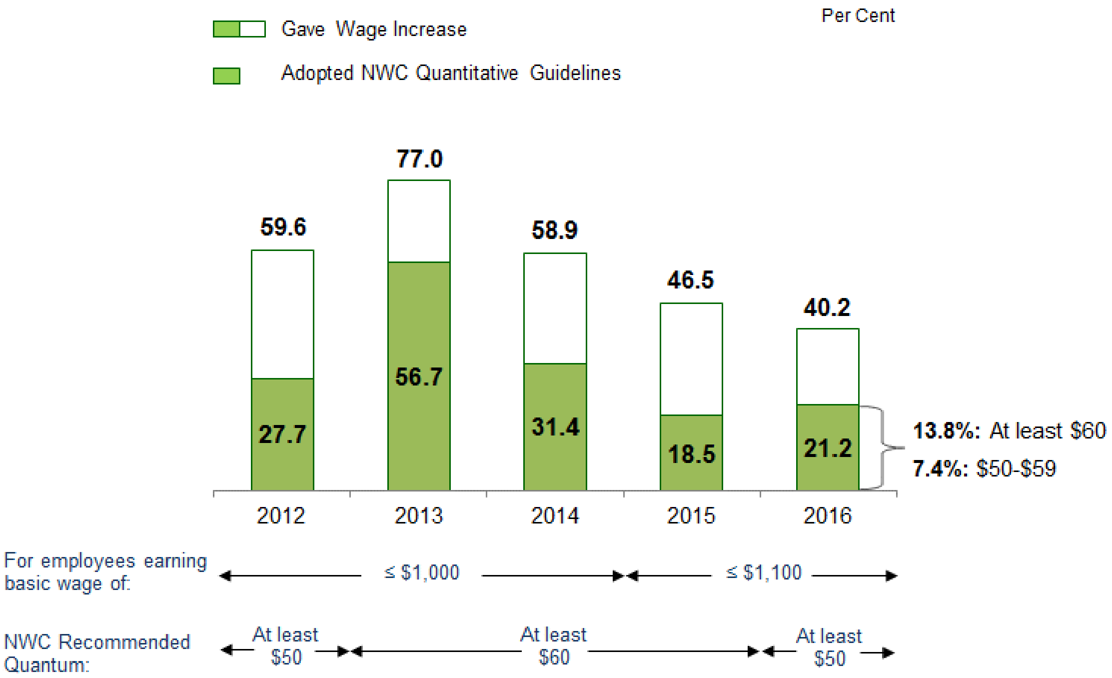
[13] Over the year, the proportion of full-time resident employees earning a basic monthly wage of up to $1,100 is estimated to have decreased from 6.9% in 2015 to 5.7% in 2016. Source: Comprehensive Labour Force Survey and Occupational Wage Survey, Manpower Research and Statistics Department, MOM

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

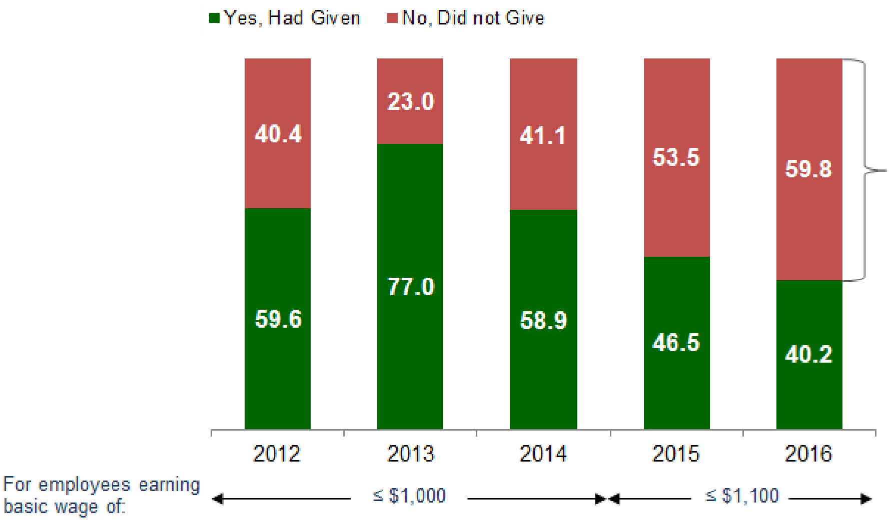
Chart 13: Proportion Of Establishments That Gave Wage Increase To Employees Earning Basic Monthly Wage Of $1,000 (2012 to 2014)/ $1,100 (2015 and 2016) And Below



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) and below.

Chart 14: Distribution Of Establishments By Whether They Gave Wage Increase To Employees Earning Basic Monthly Wage Of $1,000 (2012 to 2014)/ $1,100 (2015 and 2016) And Below



Reasons for not giving wage increase*	
Estab not performing well	29.9
Already paying market rate	25.4
Business/wage costs will be impacted	14.2
Poor employee performance	4.5
Wages locked-in under contracts signed with clients	2.7

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) and below.

(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.

Firms 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 $1,100 was higher than non-profitable (Category D) ones. Profitable establishments were also more likely to give at least $50 built-in wage increase (Table 1).

Administrative & support services continued to lead in giving NWC's recommended built-in wage increase

6.5 40% of establishments in *administrative & support services* gave at least $50 built-in wage increase to their low-wage employees in 2016, significantly higher than in other industries (10% to 27%). This was mainly driven by the security sector which saw more establishments raising the basic wage of their low-wage workers to meet the requirements of the Progressive Wage Model (PWM)[15].

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[15] The Progressive Wage Model (PWM) for the Security sector was introduced in October 2014, following recommendations by the Security Tripartite Cluster (STC). Under the PWM, the basic monthly wage for a full-time security officer would be $1,100. To ensure that there is uniform adoption of the PWM, compliance with the wage and training requirements will be one of the licensing conditions for security agencies. The Police Licensing and Regulatory Department (PLRD) will be incorporating the PWM in its existing licensing framework for security agencies. Based on the feedback from industry players, the Government has provided a lead time of two years for the industry to comply with the PWM training and wages requirements. From 1 September 2016, security agencies must ensure their security officers receive the required training and are paid wages that are in line or higher than the progressive wage levels specified in the PWM. More information are available at: https://www.ntuc.org.sg/wps/portal/up2/home/searchresultsdetails/news?WCM_GLOBAL_CONTEXT=/Content_Library/ntuc/home/about%20ntuc/newsroom/media%20releases/3bd06f1b-acf4-464f-b38d-add73243e377

Table 1: Distribution Of Establishments By Whether They Gave Wage Increase To Employees Earning Basic Monthly Wage Of $1,100 And Below, 2016

Per Cent

	Yes						No
	Sub-Total	Had Given Built-In Wage Increase	Quantum of Built-In Wage Increase		Not Yet Decided On Details	Provided Other Forms Of Wage Increase*	
			Less Than $50	$50 & More			
Total	40.2	27.0	5.8	21.2	3.0	10.3	59.8
By Profit Status							
Cat A	51.2	28.0	4.5	23.5	2.6	20.6	48.8
Cat B	52.2	35.5	7.0	28.4	1.8	14.9	47.8
Cat C	39.9	27.6	5.4	22.2	2.8	9.5	60.1
Cat D	27.9	19.3	6.1	13.2	4.3	4.3	72.1
By Industry							
Manufacturing	48.1	35.5	11.5	24.0	1.7	11.0	51.9
Construction	26.9	12.3	1.9	10.4	3.6	11.0	73.1
Services	42.1	29.1	5.5	23.6	3.1	9.9	57.9
Wholesale & Retail Trade	37.9	25.2	6.0	19.2	2.2	10.5	62.1
Transportation & Storage	32.9	21.3	4.1	17.2	-	11.6	67.1
Accommodation & Food Services	38.6	22.7	4.4	18.2	4.8	11.1	61.4
Information & Communications	s	s	s	s	s	s	s
Financial & Insurance Services	s	s	s	s	s	s	s
Real Estate Services	56.6	22.2	1.0	21.2	5.1	29.3	43.4
Professional Services	s	s	s	s	s	s	s
Administrative & Support Services	56.8	47.4	7.4	40.0	3.3	6.0	43.2
Community, Social & Personal Services	45.0	33.4	6.1	27.3	3.2	8.4	55.0

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 $1,100 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) -: nil or negligible

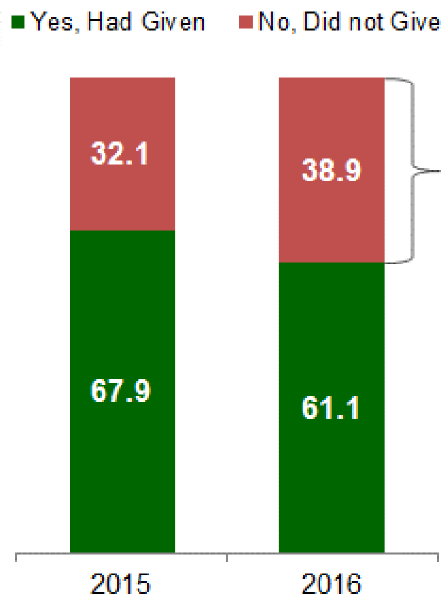
Among firms with employees performing outsourced work and earning basic monthly wage of up to $1,100, 49% extended NWC's recommended wage increase to these workers in 2016

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 61% of private establishments with outsourced employees earning up to $1,100 gave/intended to give wage increases to these employees in 2016, down from the 68% in 2015, when the recommendation was first announced. With the recommended quantum of $50 in 2016 (compared with at least $60 in 2015), adoption rates rose to 49% in 2016 from 42% in 2015 (Charts 15 and 16).[16] The adoption rate was higher in *administrative & support services* (58%), which hired the majority (72%) of such low-wage outsourced employees.

6.8 Among the establishments that did not grant wage increases to these workers (39%), many were constrained by contractual agreements (18%), or felt they were already paying market rate (19%).

Chart 15: Distribution Of Establishments By Whether They Gave Wage Increase To Employees Performing Outsourced Work And Earning Basic Monthly Wage Of $1,100 And Below, 2015 And 2016



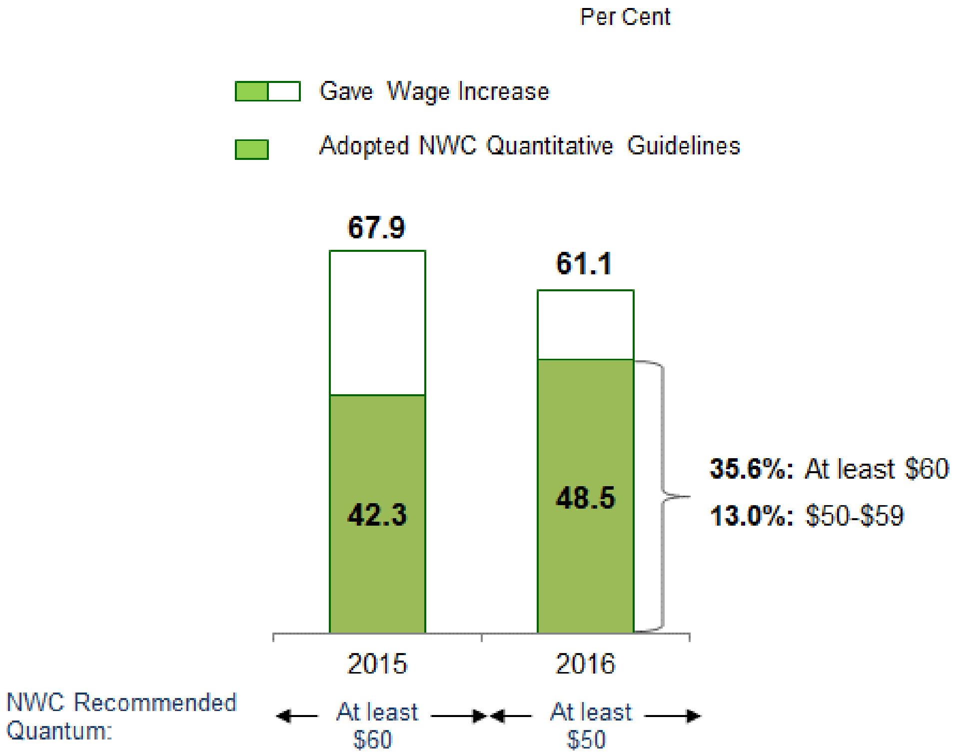
Reasons for not giving wage increase*	
Already paying market rate	19.3
Wages locked-in under contracts signed with clients	17.9
Estab not performing well	13.2
Business/wage costs will be impacted	8.8
Poor employee performance	3.1

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 and below.
(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.

[16] Fewer firms gave an increase that was less than the recommended quantum (19% in 2015, 7.9% in 2016) or gave other forms of wage increases (4.5%, 2.8%), while the proportion of firms that had not decided on the details remained similar (1.8%, 2.0%).

Chart 16: Proportion Of Establishments That Gave Wage Increase To Employees Performing Outsourced Work And Earning Basic Monthly Wage Of $1,100 And Below, 2015 And 2016



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 and below.

With PWM, outsourced workers enjoyed higher wage increases than regular employees

6.9 Among those who were given the built-in wage increase in 2016, low-wage employees[17] on outsourced service contracts received higher payouts (median: $60, mean: $108) than low-wage employees as a whole (median: $56, mean: $88). This was because those on outsourced service contracts typically belonged to the cleaning, security and landscaping sectors where PWMs were in place or announced. Low-wage outsourced workers (12.2%) also enjoyed higher basic wage gains (mean) than all low-wage workers (9.6%) and all RAF in these establishments (5.2%) (Table 2).

[17] Earning basic monthly wage of up to $1,100

Table 2: Quantum Of Built-in Wage Increase For RAF And Employees Earning Basic Monthly Wage Of $1,100 And Below, 2016

	Outsourced Employees Earning Basic Monthly Wage of $1,100 and Below			Employees Earning Basic Monthly Wage of $1,100 and Below			RAF (Overall)
	Dollar Quantum ($)		*Basic Wage Increase (%)*	*Dollar Quantum ($)*		*Basic Wage Increase (%)*	*Basic Wage Increase (%)*
	Median	*Mean*	*Mean*	*Median*	*Mean*	*Mean*	*Mean*
Total	*60*	*108*	*12.2*	*56*	*88*	*9.6*	*5.2*
By Profit Status							
Category A	*s*	*s*	*s*	*50*	*74*	*8.8*	*5.2*
Category B	*60*	*103*	*10.6*	*60*	*95*	*10.0*	*4.8*
Category C	*s*	*s*	*s*	*63*	*94*	*10.3*	*5.7*
Category D	*s*	*s*	*s*	*54*	*77*	*8.3*	*5.5*
By Industry							
Manufacturing	-	-	-	*55*	*58*	*5.9*	*4.2*
Construction	*s*	*s*	*s*	*s*	*s*	*s*	*s*
Services	*80*	*113*	*12.9*	*60*	*97*	*10.7*	*5.6*
Wholesale & Retail Trade	*s*	*s*	*s*	*50*	*65*	*6.8*	*4.2*
Transportation & Storage	*s*	*s*	*s*	*s*	*s*	*s*	*s*
Accommodation & Food Services	*s*	*s*	*s*	*60*	*65*	*6.6*	*4.5*
Information & Communications	*s*	*s*	*s*	*s*	*s*	*s*	*s*
Financial & Insurance Services	-	-	-	*s*	*s*	*s*	*s*
Real Estate Services	*s*	*s*	*s*	*s*	*s*	*s*	*s*
Professional Services	-	-	-	*s*	*s*	*s*	*s*
Administrative & Support Services	*100*	*127*	*14.5*	*100*	*122*	*13.9*	*7.7*
Community, Social & Personal Services	*s*	*s*	*s*	*100*	*104*	*11.5*	*5.1*

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

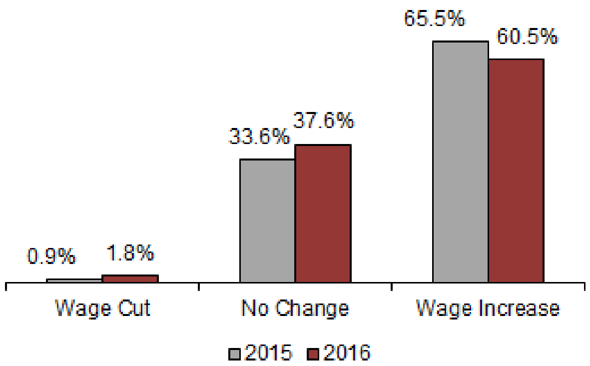
Notes: (1) Data for employees earning ≤ $1,100 and RAF are based on establishments with employees earning basic monthly wage of $1,100 and below and gave built-in wage increase to these employees in 2016.
(2) Data for outsourced employees earning ≤ $1,100 are based on establishments with outsourced employees earning basic monthly wage of $1,100 and below and gave built-in wage increase to these employees in 2016.
(3) s: Data suppressed due to small number covered.
(4) -: nil or negligible

<u>Annex 1</u>

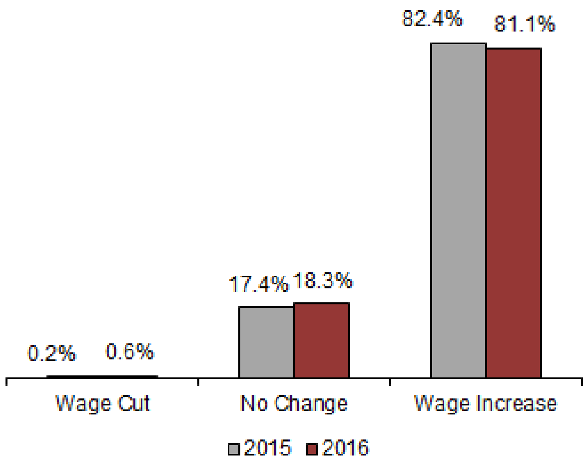
Chart 1: Distribution Of Establishments And Employee Coverage By Basic Wage Change And Extent Of Basic Wage Change, 2015 And 2016

(A) Distribution By Basic Wage Change

Establishments



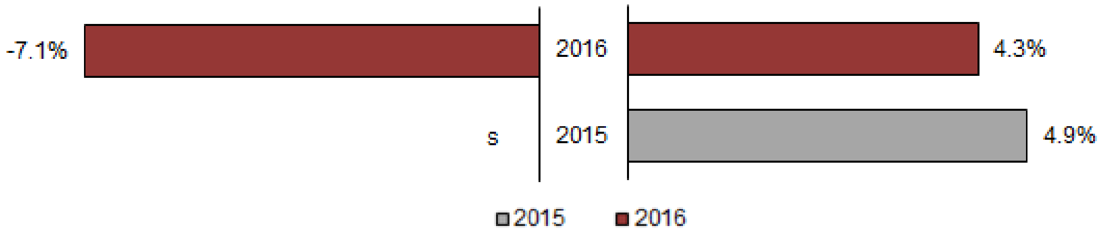
Employee Coverage



(B) Extent of Basic Wage Change Among Establishments

With Wage Cut

With Wage Increase



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

Notes: (1) s: Data suppressed due to small number covered.
(2) Figures may not sum up to 100% due to rounding.

Table 1: Total And Basic Wage Change By Industry, 2015 And 2016

Per Cent

Industry (SSIC 2015)	Period	Total Wage Change			Basic Wage Change		
		Total	RAF	NRAF	Total	RAF	NRAF
Total	2016	3.1	3.4	2.8	3.5	3.5	3.6
	2015	4.0	3.9	4.1	4.2	4.0	4.4
Manufacturing	2016	1.7	2.3	1.2	3.1	3.1	3.0
	2015	3.1	2.7	3.5	3.8	3.5	4.1
Construction	2016	2.1	1.7	2.4	2.3	2.2	2.5
	2015	3.1	2.8	3.4	3.3	3.0	3.6
Services	2016	3.5	3.9	3.3	3.8	3.7	3.8
	2015	4.3	4.3	4.3	4.4	4.3	4.5
Wholesale & Retail Trade	2016	2.7	2.8	2.6	3.2	3.1	3.2
	2015	3.3	3.3	3.3	3.7	3.6	3.8
Transportation & Storage	2016	5.1	5.9	3.6	3.9	4.2	3.4
	2015	4.3	4.5	4.0	3.6	3.5	3.8
Accommodation & Food Services	2016	2.3	2.2	2.3	2.5	2.6	2.4
	2015	3.2	3.1	3.4	3.2	3.1	3.4
Information & Communications	2016	2.7	3.2	2.5	3.8	4.1	3.7
	2015	2.5	0.9	3.2	4.0	4.0	4.1
Financial & Insurance Services	2016	3.9	3.6	3.9	4.4	3.8	4.5
	2015	5.4	4.8	5.6	5.3	4.7	5.5
Real Estate Services	2016	3.4	3.5	3.3	3.4	3.2	3.7
	2015	4.1	4.0	4.3	4.4	4.3	4.5
Professional Services	2016	3.3	3.2	3.4	3.8	3.2	4.1
	2015	3.7	3.1	4.0	4.2	3.6	4.5
Administrative & Support Services	2016	5.0	5.4	3.9	4.9	5.2	3.8
	2015	6.5	7.3	3.6	6.3	7.0	3.7
Community, Social & Personal Services	2016	3.7	3.9	3.5	4.0	4.0	4.0
	2015	5.1	5.1	5.2	5.1	5.0	5.2

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

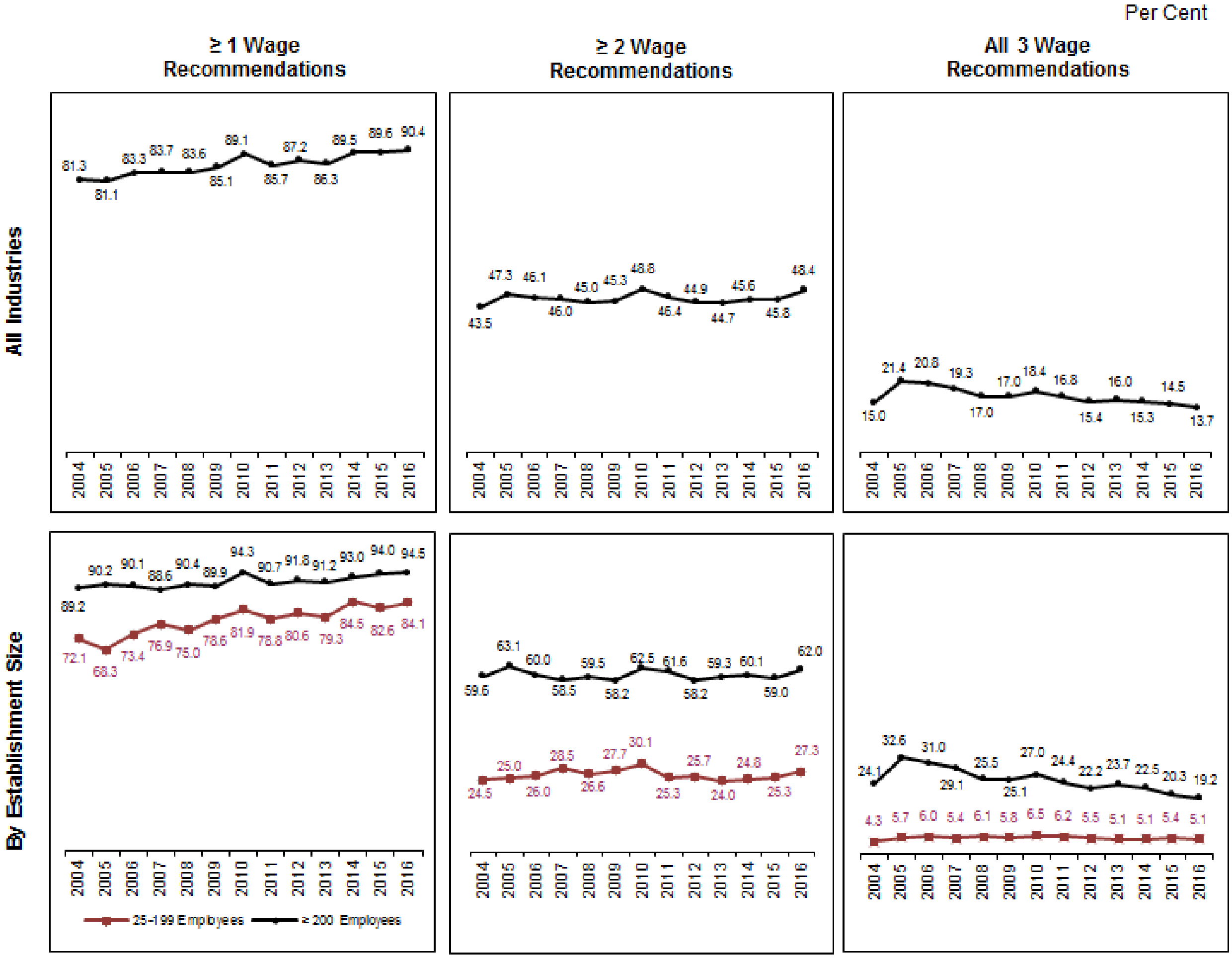
Table 2: Annual Variable Component By Industry, 2015 And 2016

Months of Basic Wage

Industry (SSIC 2015)	Period	Months of Basic Wage		
		Total	RAF	NRAF
Total	2016	2.16	1.90	2.40
	2015	2.17	1.85	2.50
Manufacturing	2016	2.25	2.10	2.38
	2015	2.42	2.18	2.67
Construction	2016	1.45	1.16	1.73
	2015	1.40	1.15	1.67
Services	2016	2.19	1.90	2.46
	2015	2.18	1.84	2.52
Wholesale & Retail Trade	2016	1.98	1.74	2.25
	2015	1.96	1.70	2.30
Transportation & Storage	2016	2.68	2.73	2.59
	2015	2.49	2.45	2.60
Accommodation & Food Services	2016	1.13	0.99	1.40
	2015	1.11	0.98	1.36
Information & Communications	2016	2.05	1.81	2.13
	2015	2.27	1.92	2.41
Financial & Insurance Services	2016	3.28	2.85	3.37
	2015	3.38	3.05	3.45
Real Estate Services	2016	1.82	1.49	2.36
	2015	1.92	1.54	2.53
Professional Services	2016	2.03	1.89	2.08
	2015	2.05	1.73	2.20
Administrative & Support Services	2016	1.25	1.11	1.68
	2015	1.14	1.05	1.49
Community, Social & Personal Services	2016	2.39	2.27	2.51
	2015	2.37	2.26	2.50

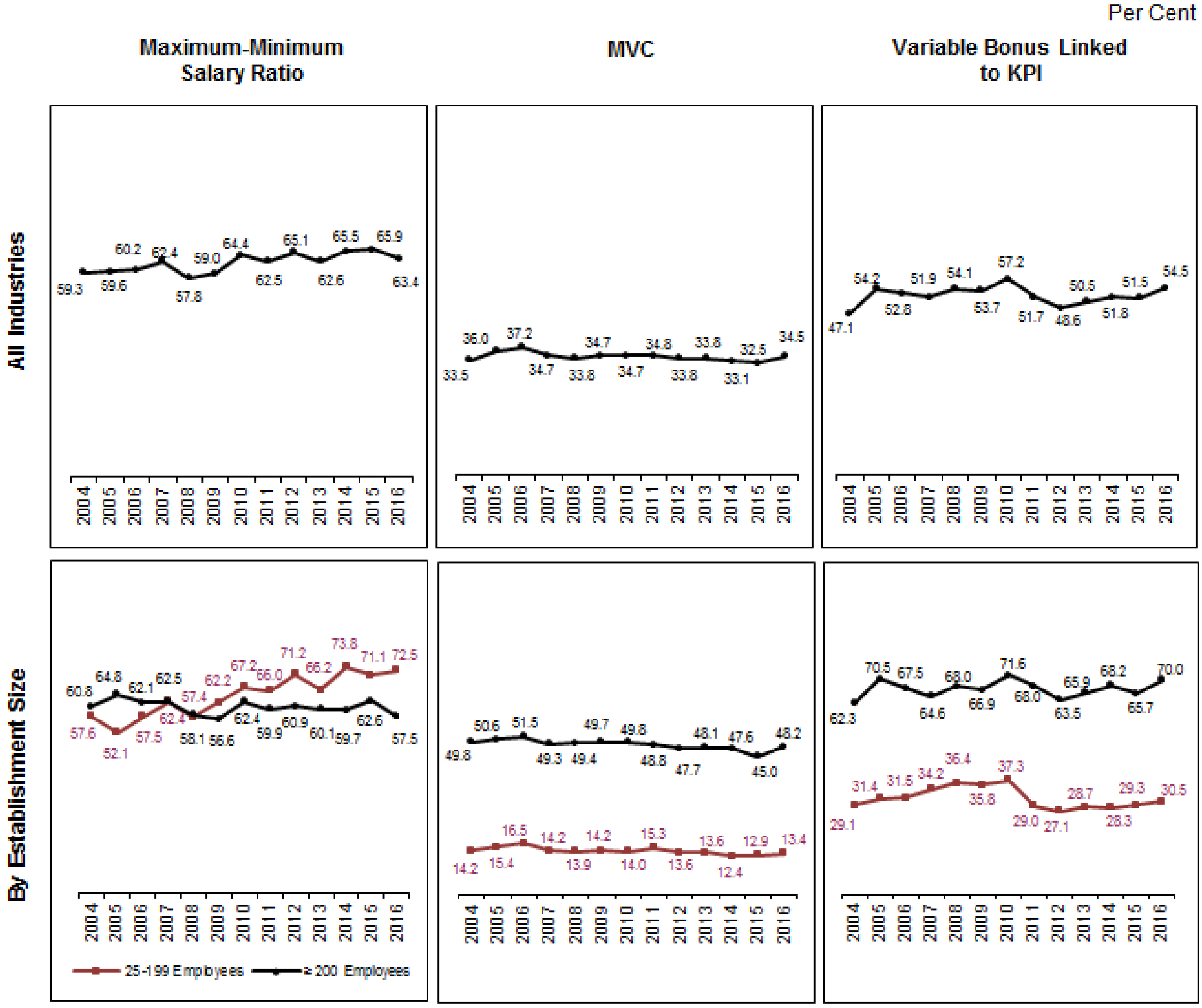
Source : Survey on Annual Wage Changes, Manpower Research and Statistics Department, MOM

Chart 2: Proportion Of Employees Covered By Number Of Key Wage Recommendations Implemented, 2004 – 2016 (December)



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

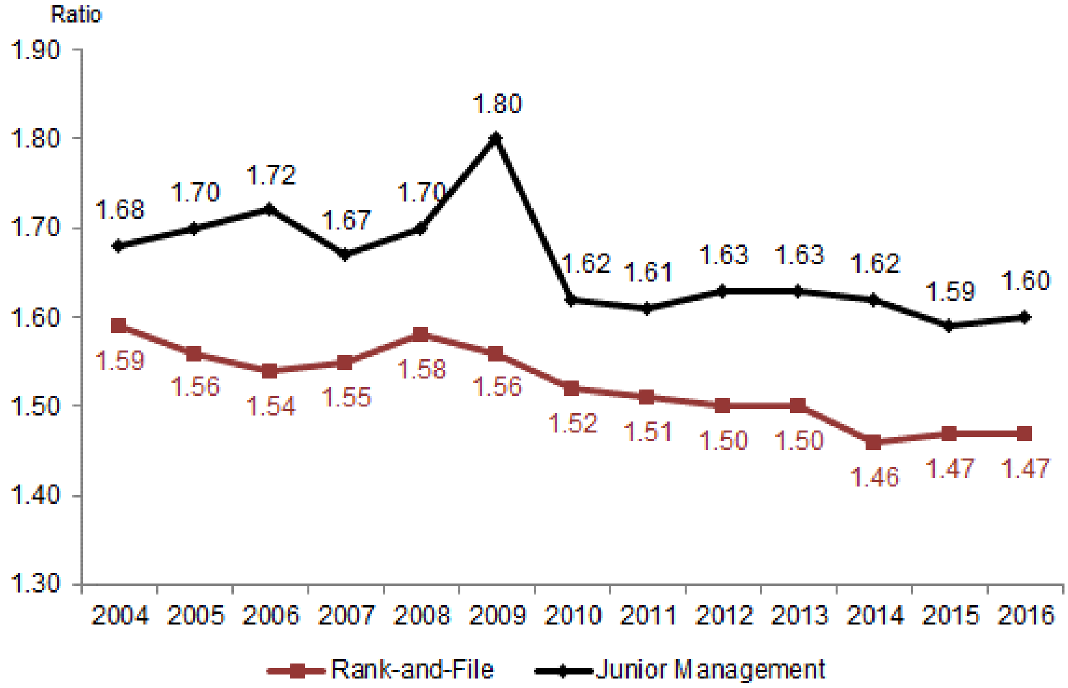
Chart 3: Proportion Of Employees In Establishments That Implemented Wage Restructuring Recommendations, 2004 – 2016 (December)



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

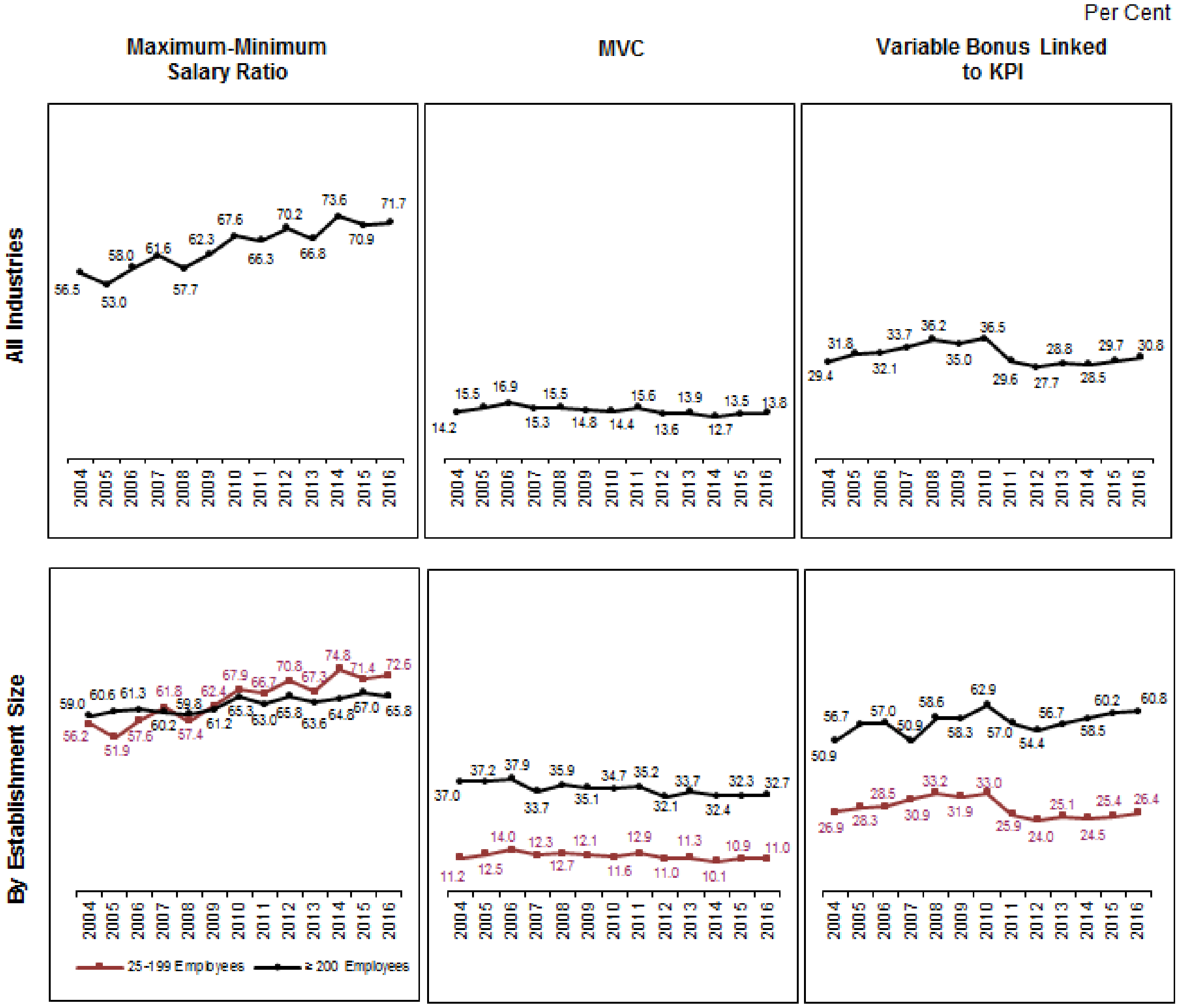
Note : Establishments can implement more than one key wage recommendation.

Chart 4: Average Maximum-Minimum Salary Ratio Of Rank-And-File Employees And Junior Management, 2004 – 2016 (December)



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

Chart 5: Proportion Of Establisments With Wage Restructuring Recommendations Implemented, 2004 – 2016 (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, 2015 And 2016 (December)

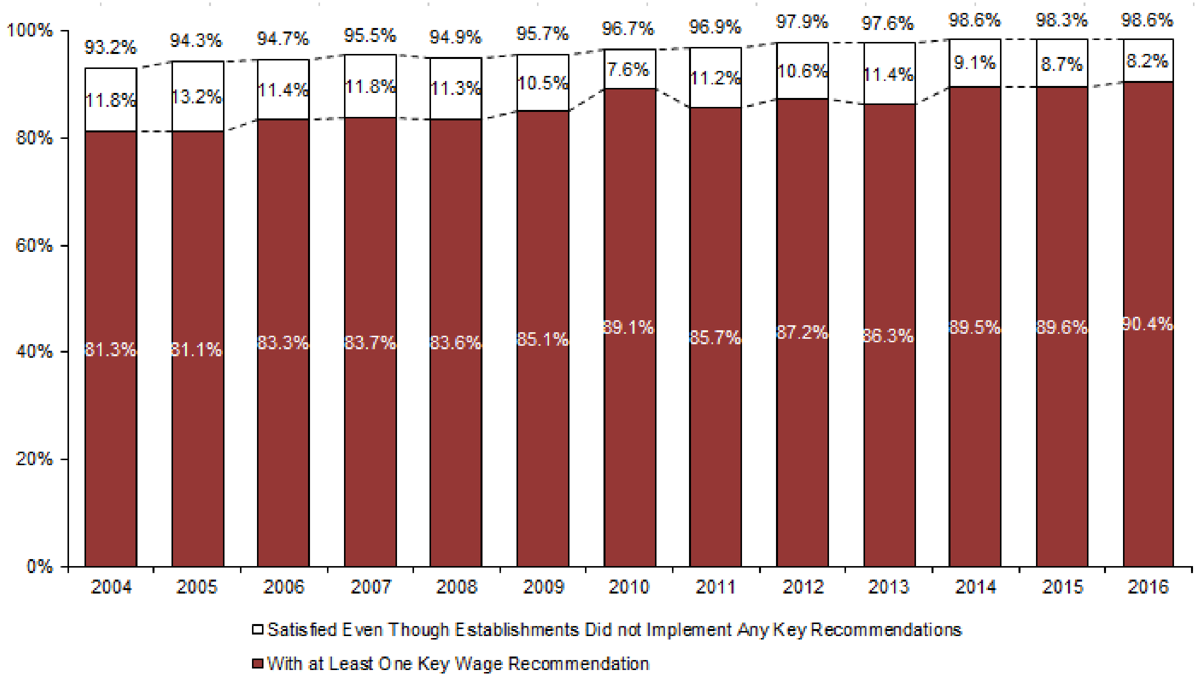
Per Cent

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	2016	90.4	13.7	34.8	42.0
	2015	89.6	14.5	31.3	43.7
Manufacturing	2016	91.1	12.7	37.1	41.4
	2015	91.2	17.4	31.4	42.4
Construction	2016	80.8	3.3	18.2	59.2
	2015	83.0	4.4	11.5	67.1
Services	2016	92.5	16.6	38.0	38.0
	2015	91.1	16.9	37.6	36.6
Wholesale & Retail Trade	2016	90.3	10.1	38.2	42.0
	2015	90.4	9.9	34.6	45.9
Transportation & Storage	2016	96.2	33.8	36.4	26.0
	2015	92.8	24.6	44.5	23.8
Accommodation & Food Services	2016	94.9	25.5	29.9	39.5
	2015	92.3	29.1	22.6	40.6
Information & Communications	2016	90.0	8.7	33.3	48.0
	2015	88.9	6.4	48.6	33.9
Financial & Insurance Services	2016	88.4	8.7	47.7	32.0
	2015	92.2	9.9	47.6	34.6
Real Estate Services	2016	92.5	24.6	25.9	42.0
	2015	97.0	18.4	35.9	42.7
Professional Services	2016	89.2	13.4	34.1	41.7
	2015	89.8	14.9	34.1	40.8
Administrative & Support Services	2016	94.3	13.4	22.9	58.0
	2015	87.0	15.2	26.1	45.7
Community, Social & Personal Services	2016	95.2	16.2	52.4	26.6
	2015	92.2	21.5	44.4	26.3

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

Note : Figures may not sum up due to rounding.

Chart 6: 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, 2004 – 2016 (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, 2015 And 2016 (December)

Per Cent

	Period	Did Not Implement Any Key Wage Recommendation	Satisfied/Not Satisfied With Level of Flexibility in Wage System	
			Satisfied	Not Satisfied
Total	2016	9.6	8.2	1.4
	2015	10.4	8.7	1.7
By Establishment Size				
25-199 Employees	2016	15.9	13.5	2.5
	2015	17.4	14.3	3.1
200 or More Employees	2016	5.5	4.8	0.7
	2015	6.0	5.2	0.8

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, 2015 And 2016 (December)

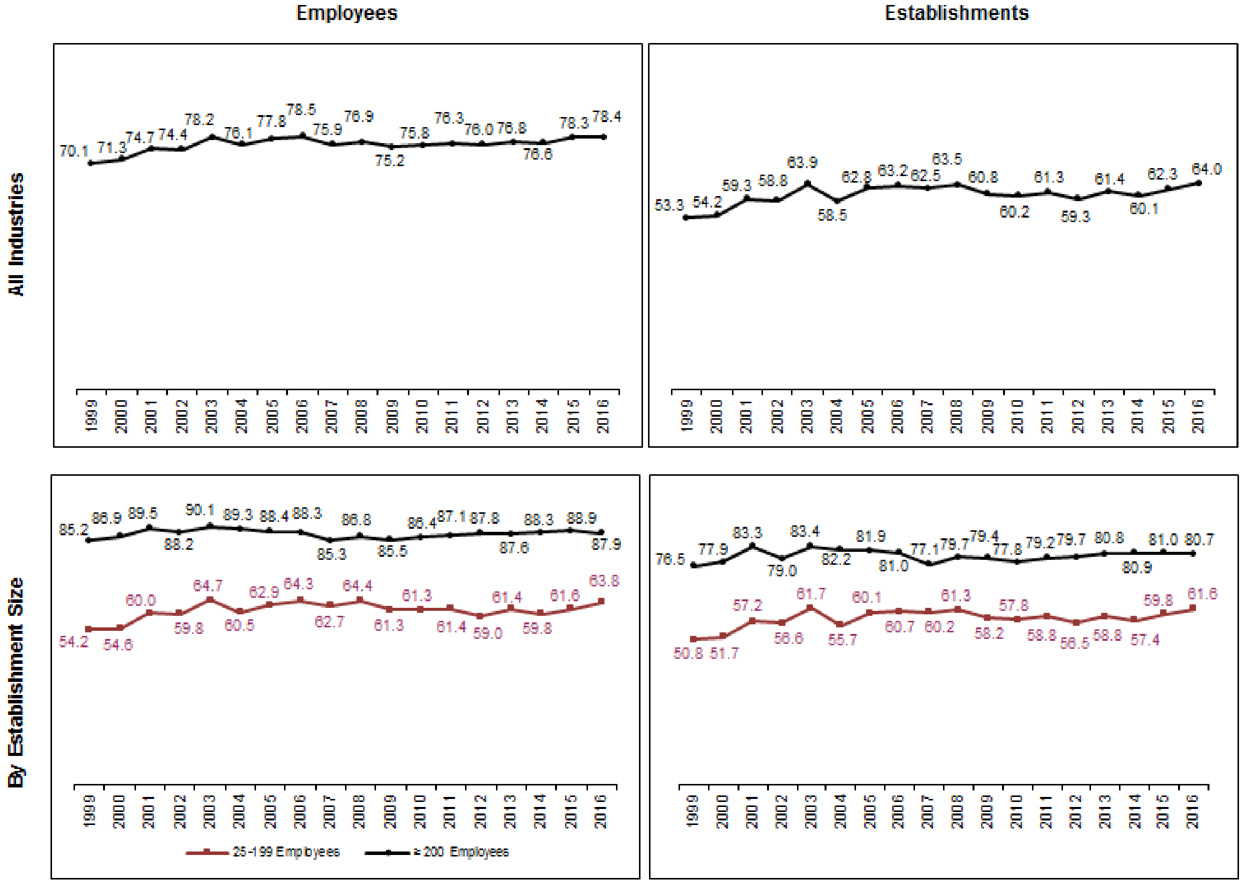
Per Cent

Industry (SSIC 2015)	Period	With Maximum-Minimum Salary Ratio	With MVC	With Variable Bonus Linked to KPI
Total	2016	63.4	34.5	54.5
	2015	65.9	32.5	51.5
Manufacturing	2016	63.0	33.3	57.3
	2015	66.9	32.6	57.9
Construction	2016	71.6	14.2	19.9
	2015	78.4	10.7	14.2
Services	2016	61.6	39.8	62.2
	2015	61.6	39.4	61.5
Wholesale & Retail Trade	2016	64.0	25.9	58.8
	2015	65.1	25.5	54.3
Transportation & Storage	2016	73.4	54.2	72.6
	2015	65.8	52.9	67.9
Accommodation & Food Services	2016	87.0	36.6	52.2
	2015	88.2	34.1	50.8
Information & Communications	2016	43.9	17.5	79.3
	2015	53.3	19.4	77.6
Financial & Insurance Services	2016	22.5	53.8	77.2
	2015	28.2	53.2	78.2
Real Estate Services	2016	79.4	38.4	49.7
	2015	82.9	40.6	46.0
Professional Services	2016	53.0	32.0	65.1
	2015	55.6	32.6	65.4
Administrative & Support Services	2016	85.0	23.2	35.8
	2015	77.7	27.1	38.7
Community, Social & Personal Services	2016	54.2	59.5	66.4
	2015	52.8	56.2	70.4

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

Chart 7: Proportion Of Establishments And Employees In Establishments That Shared Information With Employees, 1999 – 2016 (December)

Per Cent



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

Table 6: Proportion Of Establishments And Employees In Establishments That Shared Information With Employees By Type Of Wage System, December 2016

Per Cent

	All Establishments		With at Least One Wage Recommendation		No Wage Recommendation	
	Establishments	Employees	Establishments	Employees	Establishments	Employees
Total	64.0	78.4	65.9	80.4	54.0	60.0
By Establishment Size						
25-199 Employees	61.6	63.8	63.3	65.4	53.4	55.2
200 or More Employees	80.7	87.9	82.3	89.0	62.5	69.0

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

Table 7: Distribution Of Establishments And Employees By Frequency Of Information Sharing, December 2016

Establishments

Per Cent

	All Establishments	By Establishment Size	
		25-199 Employees	200 or More Employees
Total	64.0	61.6	80.7
Regularly	36.8	34.2	54.5
Annually	*15.8*	*15.1*	*20.7*
Half-yearly	*6.3*	*6.0*	*8.7*
Quarterly	*9.9*	*8.3*	*20.7*
Monthly	*4.7*	*4.7*	*4.6*
As and when necessary	27.0	27.2	25.7
Others	0.2	0.1	0.5

Employee Coverage

Per Cent

	All Establishments	By Establishment Size	
		25-199 Employees	200 or More Employees
Total	78.4	63.8	87.9
Regularly	53.3	36.0	64.5
Annually	*20.1*	*15.8*	*22.8*
Half-yearly	*8.5*	*6.1*	*10.0*
Quarterly	*20.3*	*9.4*	*27.4*
Monthly	*4.4*	*4.6*	*4.3*
As and when necessary	24.8	27.7	23.0
Others	0.3	0.2	0.3

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

Note : Figures may not sum up due to rounding.

Chart 8: Proportion Of Establishments And Employees In Establishments That Shared Information At Least Annually, 1999 – 2016 (December)

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

Annex 2

SURVEY COVERAGE AND METHODOLOGY

SURVEY ON ANNUAL WAGE CHANGES, 2016

Introduction

The *Survey on Annual Wage Changes, 2016* 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 19 December 2016 to 28 February 2017.

Objective

The survey was conducted to obtain information on the extent of wage changes and wage restructuring in 2016.

Coverage

The survey covered private sector establishments with at least 10 employees. All unionised establishments were surveyed. For the non-unionised sector, all establishments with 250 or more employees were surveyed. A systematic random sample was then drawn from the remaining establishments stratified by industry and employee size.

This sampling methodology yielded an effective sample of 4,800 private establishments, of which 1,000 were unionised and 3,800 were non-unionised. These establishments employed 1,232,800 employees which included 593,600 local full-time employees on the Central Provident Fund (CPF) scheme with at least 1 year in service (comprising 276,500 rank-and-file employees, 241,600 junior and 75,600 senior management staff) and 453,700 foreign employees. Local full-time employees with less than a year of service, or on part-time formed the remaining 185,500. The survey response rate was 90%.

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/December 2015 to November/December 2016.

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 2016. 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 Nov 2016.

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.

Analysis

Findings on the extent of wage changes in private sector in 2016 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 firms 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)^	3.1%	0.06%-pt	1.8%	3.0%	3.2%
Total Wage Change (Excl employer CPF)^	3.1%	0.06%-pt	1.8%	3.0%	3.2%
Basic Wage Change^	3.5%	0.03%-pt	0.9%	3.5%	3.6%
Variable Component^ (Months of basic wage)	2.16	0.01	0.63%	2.13	2.19
Proportion of establishment with employees earning up to $1,100 that gave/ intended to give basic wage increase to these employees* (%)	40.2%	2.0%-pt	4.9%	36.3%	44.2%

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.

<table>
<tr><th colspan="2" rowspan="2"></th><th rowspan="2">Estimate</th><th rowspan="2">Standard Error</th><th rowspan="2">Relative Standard Error (%)</th><th colspan="2">95% Confidence Interval</th></tr>
<tr><th>Lower</th><th>Upper</th></tr>
<tr><td colspan="2">Proportion of employees in establishments that implemented at least one key wage recommendation</td><td>90.4%</td><td>0.3%-pt</td><td>0.4%</td><td>89.7%</td><td>91.1%</td></tr>
<tr><td rowspan="3">Proportion of employees in establishments that implemented the key wage recommendations</td><td>Variable Bonus linked to KPI</td><td>54.5%</td><td>0.4%-pt</td><td>0.7%</td><td>53.8%</td><td>55.3%</td></tr>
<tr><td>Monthly Variable Component</td><td>34.5%</td><td>0.3%-pt</td><td>0.8%</td><td>34.0%</td><td>35.1%</td></tr>
<tr><td>Narrowed Maximum-Minimum Salary Ratio</td><td>63.4%</td><td>0.4%-pt</td><td>0.6%</td><td>62.6%</td><td>64.2%</td></tr>
</table>

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 (3 – 5 days), waiters employed to serve at wedding dinners on an ‘on and off’ basis).
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 on top of the AWS or 13th month allowance. 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 Wage Credit Scheme (WCS). Under the WCS, the Government will co-fund 20% of wage increases given to Singaporean employees earning a gross monthly wage of up to $4,000. The wage credits are automatically paid out to eligible employers though the Central Provident Fund (CPF) Board.
Employees earning $1,100 and below:	This generally refers to employees who earned a monthly basic wage of $1,100 or less on a full-time basis in 2015.

Formulae

- Basic Wage Change in 2016

$$= \frac{\text{End 2016 Basic Wage} - \text{End 2015 Basic Wage}}{\text{End 2015 Basic Wage}} \times 100\%$$

- Total Wage Change in 2016

$$= \frac{\text{2016 Total Wage} - \text{2015 Total Wage}}{\text{2016 Total Wage}} \times 100\%$$

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 2016

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.

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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?

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

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Thank you for your valuable feedback

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