

Report on Wage Practices 2018

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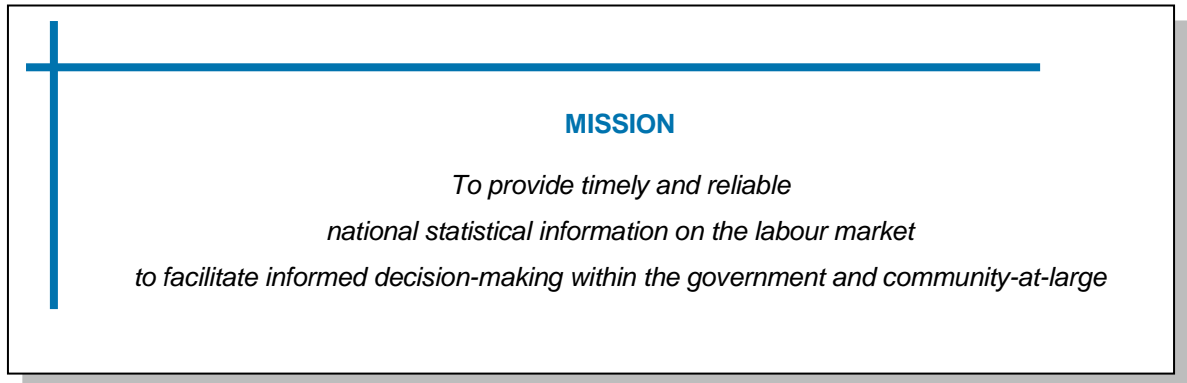
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Notations

- : 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
- RAF : Rank-and-File
- SME : Small and Medium Enterprises

HIGHLIGHTS

- As the economy and labour market improved, wage growth was higher in 2018 compared to 2017, even after accounting for inflation. Total wages (including employer CPF contributions) among employees in the private sector grew by 4.6% on average in 2018, higher than the 3.8% in 2017. After accounting for inflation¹, real total wage growth was 4.2% in 2018, higher than the 3.2% in 2017. Establishments' practices on wage increases and variable payments were aligned with the 2018/2019 National Wages Council's (NWC) recommendations.
- In most industries, total wage growth in 2018 was higher than 2017, with the highest increase in financial & insurance services and professional services. Manufacturing, food & beverage services and retail trade saw similar or moderated wage growth.
- More establishments raised their employees' wages in 2018 (2017: 65%, 2018: 67%) and fewer implemented cuts (12%, 9%), resulting in a higher proportion of employees with wage increases (78%, 81%). The extent of the increase² was also higher (+5.1% in 2017, +5.8% in 2018). For employees who received wage cuts, though the average wage cut was higher in 2018 (-4.3%) compared to 2017 (-3.9%), their proportion among all employees decreased from 10% in 2017 to 8% in 2018.
- The performance of establishments and individuals were employers' main considerations when determining wage change or variable payment. Profitable companies gave higher wage increases and bonuses compared to loss-making ones.
- The proportion of establishments who granted wage increases to their low-wage employees³ held steady between 2018 (61%) and 2017 (62%). Among them, establishments which gave the NWC's recommended quantum⁴ fell slightly from 48% in 2017 to 45% in 2018. Although it declined slightly, it was higher than most years before 2017. The main reason establishments did not give wage increase was poor business conditions.
- A significantly higher proportion of establishments⁵ with low-wage employees in outsourced work granted wage increases to these workers in 2018 (71%) compared to 2017 (55%). Among them, 55%-points gave increases which were aligned to NWC's guidelines, up from 44%-points in 2017. The remaining 29% establishments did not grant wage increments as they were not performing well or felt they were already paying market rates. The basic wage increase for low-wage employees (7.8%) and outsourced low-wage workers (7.0%) continued to be higher than all rank-and-file workers (5.5%) in 2018.

¹ The rate of inflation, as measured by the Consumer Price Index (CPI) for all items, was 0.4% in 2018, down from 0.6% in 2017.

² For employees who received wage increase.

³ In 2017, low-wage employees refer to those earning up to \$1,200 in basic wage. In 2018, this threshold was raised to \$1,300.

⁴ NWC's recommended built-in wage increases were \$45 to \$60 in 2017 and \$50 to \$70 in 2018.

⁵ As a proportion of establishments with low-wage employees in outsourced work.

- The proportion of private sector employees who work in establishments that have some form of flexible wage system remained high and stable at 88%. Having a narrow maximum-minimum salary ratio remained the most common wage recommendation adopted. This was followed by linking variable bonus to Key Performance Indicators (KPI) and having the Monthly Variable Component (MVC) in the wage structure.

Report on Wage Practices 2018

1 Overview

1.1 This report examines employees' wage changes and establishments' wage practices in 2018. It also includes an analysis of the extent to which employers have adopted the recommendations of the 2018/2019 National Wages Council (NWC). The findings are based on data from the Survey on Annual Wage Changes⁶ carried out from December 2018 to March 2019. The survey effectively covered 5,300 private establishments each with at least 10 employees, yielding a survey response rate of 87%. The survey coverage and methodology are explained in [Annex 2](#).

2 Background

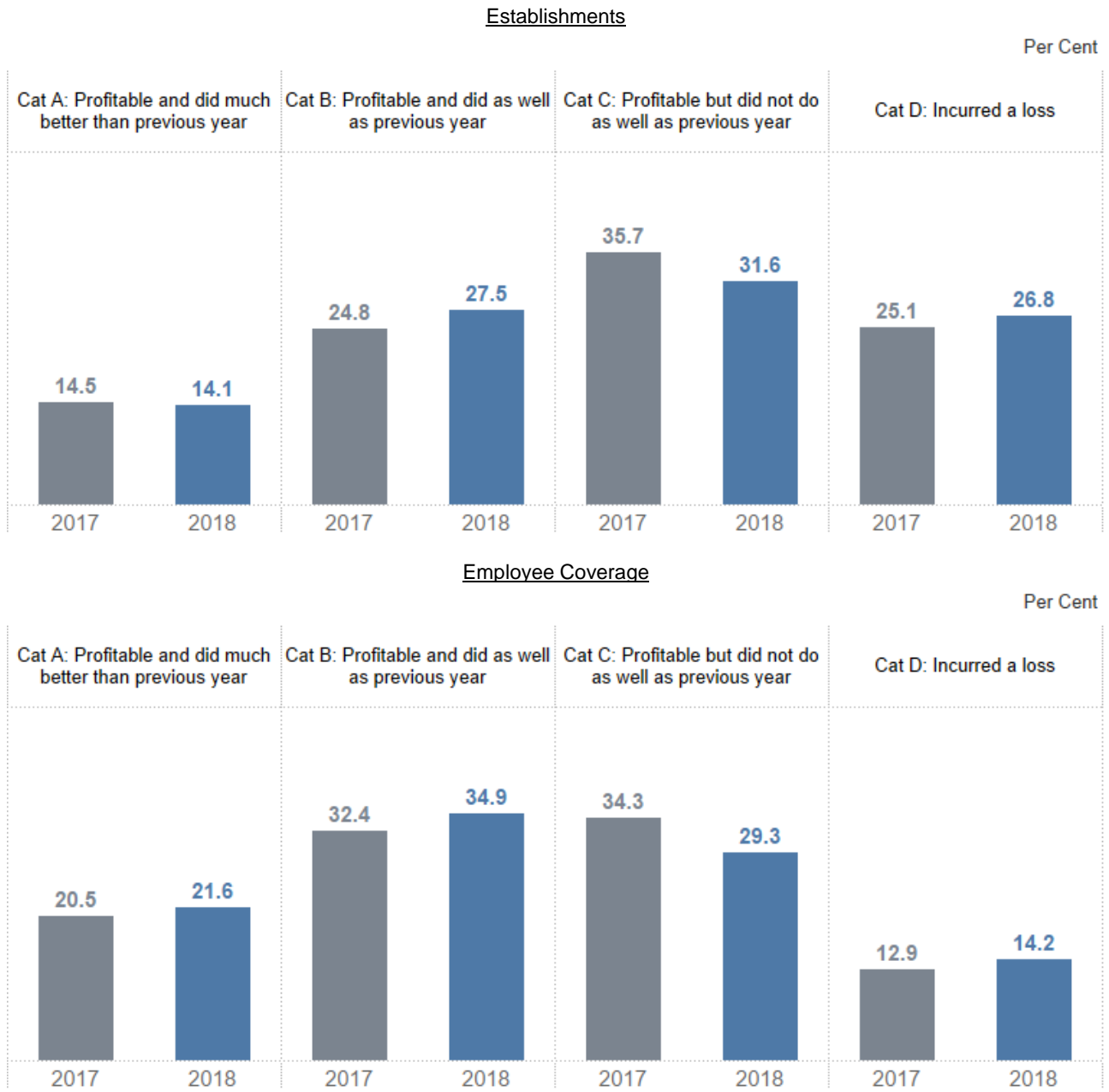
2.1 The Singapore economy and labour market improved in 2018. The economy grew by a healthy 3.1%, though performance was uneven across industries. The labour market performed better in 2018 compared to 2017, with strong employment growth for local residents, lower unemployment and retrenchments.⁷

2.2 Reflecting the economic landscape, the proportion of profitable establishments that performed as well or better than the previous year rose. The corresponding proportion of employees in such establishments also increased from 2017 to 2018 ([Chart 1](#)).

⁶ 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.

⁷ Due to the lower resident unemployment rates in the first three quarters of 2018, the annual average unemployment rate trended lower for 2018 as a whole (2.9%) from 2017 (3.1%). Source: Labour Market Report 2018, Manpower Research and Statistics Department, MOM

Chart 1: Distribution By Detailed Profit Status, 2017 And 2018



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

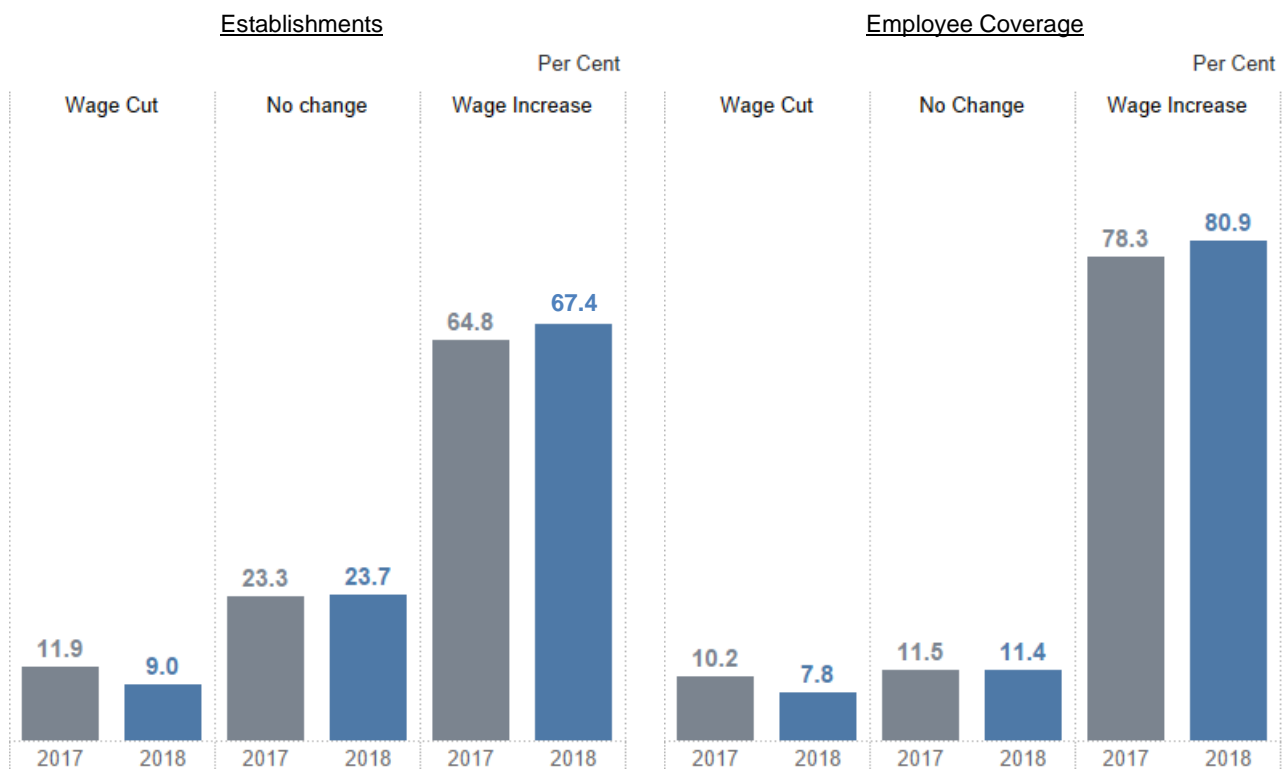
- Notes: (1) Based on private sector establishments that disclosed their profit status in 2017 and 2018.
 (2) Figures may not sum up to 100% due to rounding.
 (3) Cat A to C are profitable establishments, while Cat D are loss-making establishments.

2.3 Consequently, the proportion of establishments that raised total wage in 2018 (67%) was higher than a year ago (65%).⁸ This led to 81% of employees receiving an increase in total wage in 2018, higher than the 78% in 2017. Their wage increase was higher at 5.8% in 2018, compared with 5.1% in 2017.

2.4 On the other hand, the proportion of establishments that cut total wages in 2018 (9%) fell from 2017 (12%). The proportion of employees who received a wage cut also decreased from 10% in 2017 to 8% in 2018. Those who saw wage cuts in 2018 experienced deeper cuts (-4.3%) than their 2017 counterparts (-3.9%). A similar proportion saw neither wage cuts nor increases (Chart 2).

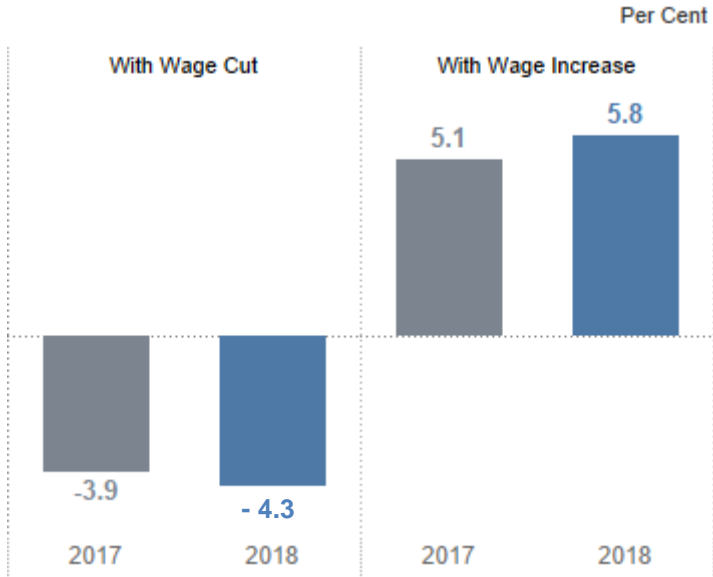
2.5 Broadly similar findings were observed for basic wage changes (Annex 1 – Chart 1).

Chart 2.1: Distribution By Total Wage Change, 2017 And 2018



⁸ The proportion of establishments that gave wage increases to their employees (2017: 65%, 2018: 67%) was lower than the proportion of profitable establishments (2017: 75%, 2018: 73%) as not all profitable establishments gave wage increases.

Chart 2.2: Extent of Total Wage Change Among Establishments, 2017 And 2018



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

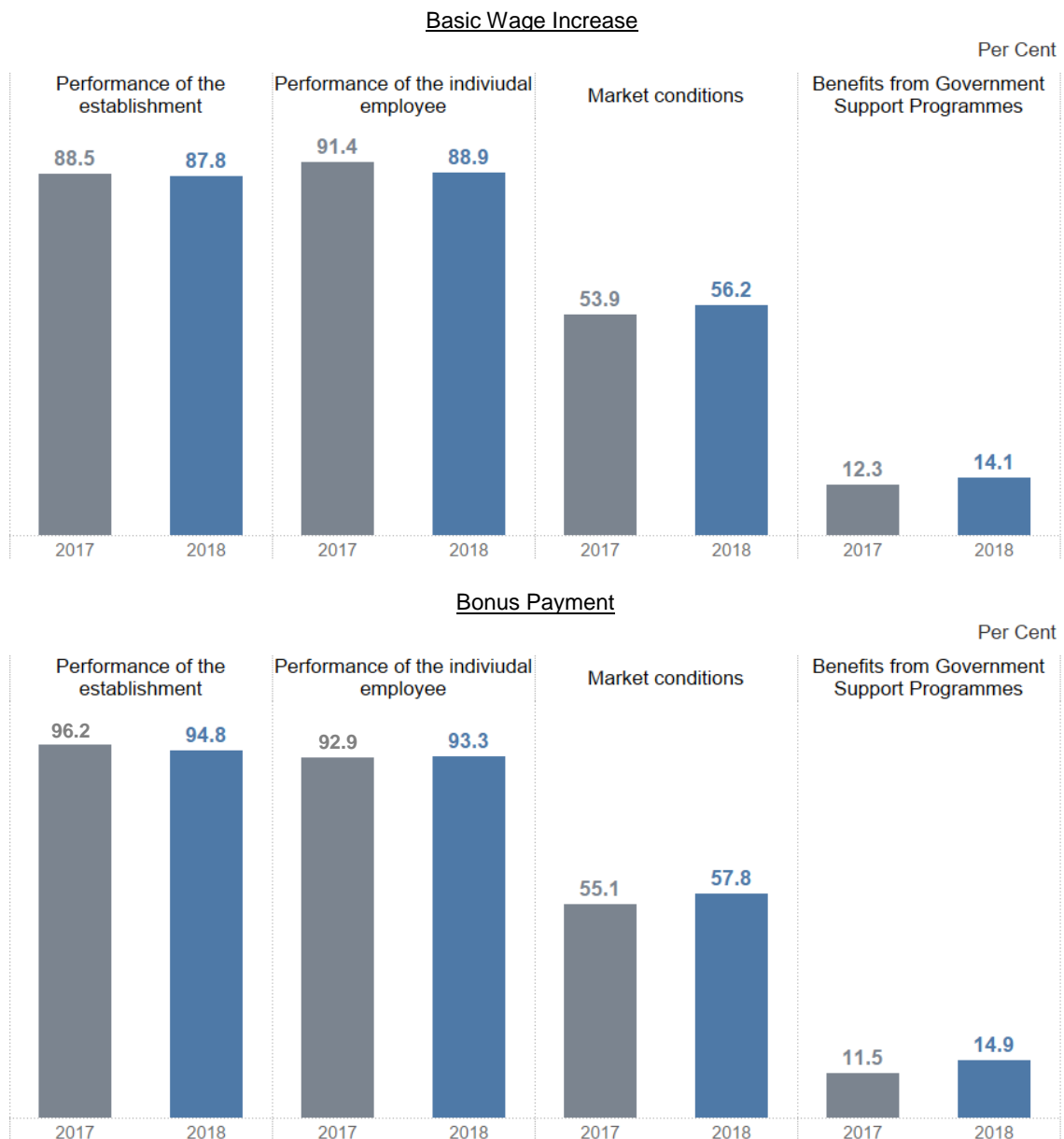
Note: Figures may not sum up to 100% due to rounding.

2.6 However, when establishments that were profitable but performed worse than the preceding year were included, the proportion of profitable establishments declined from 75% in 2017 to 73% in 2018. Overall, this led to a decline in the proportion of employees who worked in profitable establishments ([Annex 1 - Chart 2](#)).

Majority of establishments continue to cite establishment and employee performance as main determinants of wage increases and bonuses

2.7 *Establishment and employee performance* remained factors cited by majority of establishments when determining wage increases and bonuses in 2018. This was in line with the 2018/2019 NWC recommendations. Over the year, more establishments indicated *market conditions* and *benefits from Government Support Programmes* as determinants of wage increases and bonuses.

Chart 3: Proportion Of Establishments By Factors Considered When Determining Basic Wage Increases And Bonuses, 2017 And 2018



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

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

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

2.8 The proportion of private sector employees who work in establishments that have some form of flexible wage system remained high and stable at 88%⁹ in 2018 (Chart 4). This reflects the NWC's guidance for employers to enhance flexibility in their wage structure¹⁰ for competitiveness.

2.9 By establishment size, the proportion of employees working in small and medium enterprises (SMEs) employing 25 to 199 employees covered by at least one flexible wage component rose from 75% in 2008 to 82% in 2018. Coverage rates for large establishments were consistently higher than SMEs though they remained similar over time (90% in 2008 to 93% in 2018)¹¹ (Annex 1 – Chart 4).

2.10 61% of employees worked in establishments which had narrowed, or were narrowing their maximum-minimum ratio to less than 1.50, making this the most common wage recommendation adopted by establishments in 2018, unchanged from 2017. This was followed by linking variable bonus to Key Performance Indicators (KPI) (52%)¹² and having the Monthly Variable Component (MVC) (32%) in the wage structure. While the average maximum-minimum salary ratio of rank-and-file (RAF) employees in the private sector (1.51) was marginally above the 1.50 target, it remained below the ratio for junior management (1.63). Details are in Annex 1- Chart 6.

2.11 Good and regular communication between employers and their employees is critical/helpful to maintain and improve staff engagement and morale. In 2018, while a good 74% of private sector employees work in establishments that shared information with their employees on the establishment's performance and related areas, only about a third of employees in SMEs received such information regularly, which is a potential area for improvement (Annex 1 - Tables 6 to 11).

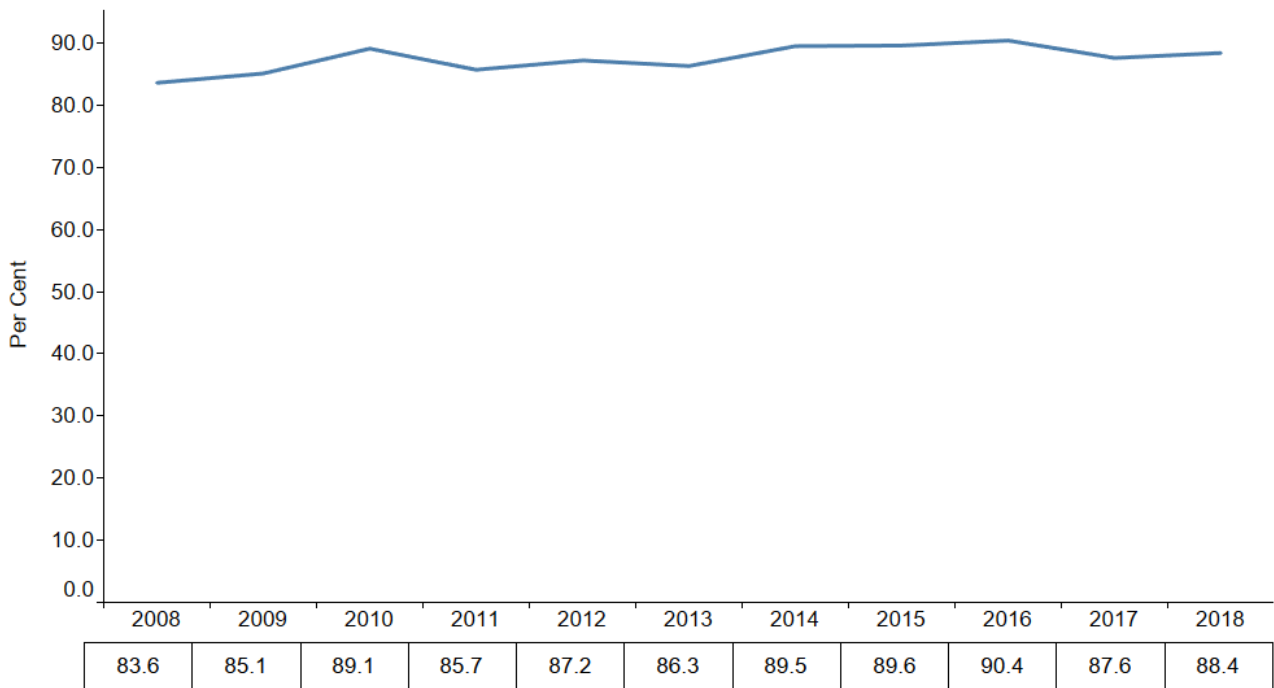
⁹ 12% of private sector employees were not covered by any of the key wage recommendations. The bulk of them, representing 9.6% of all private sector employees, were working in establishments that were satisfied with their wage flexibility. See Annex 1 - Table 4.

¹⁰ Data pertain to private sector establishments each with at least 25 employees and are for the month of December. Establishments are considered to have some form of flexible wage system when they have adopted at least one of the following key wage recommendations: (1) implement variable bonus linked to Key Performance Indicators (KPI); (2) introduce the Monthly Variable Component (MVC) in wage structure; (3) narrow the maximum-minimum salary ratio for the majority of their employees to average of 1.5 or less. The wage restructuring recommendations released in January 2004 were made by the Tripartite Taskforce on Wage Restructuring representing employers, workers and the government. Recognising that establishments may require different forms of wage flexibility to meet their specific circumstances, employers may choose to implement only the recommendations that are relevant to them.

¹¹ The proportion of employees in SMEs that did not implement any key wage recommendation but were satisfied with their wage flexibility was 15% in 2018. The corresponding proportion of employees in larger establishments was 5.8%. Consequently, few employees were in establishments that were dissatisfied with their wage flexibility and did not implement any key wage recommendation.

¹² In the survey, establishments are considered to have implemented variable bonus linked to KPI, if they have formulated and communicated to their employees, the KPI for the payment of the variable bonus. Examples of KPIs are establishment's profitability or productivity indicators.

Chart 4: Proportion Of Employees Under Some Form Of Flexible Wage System, 2008 – 2018



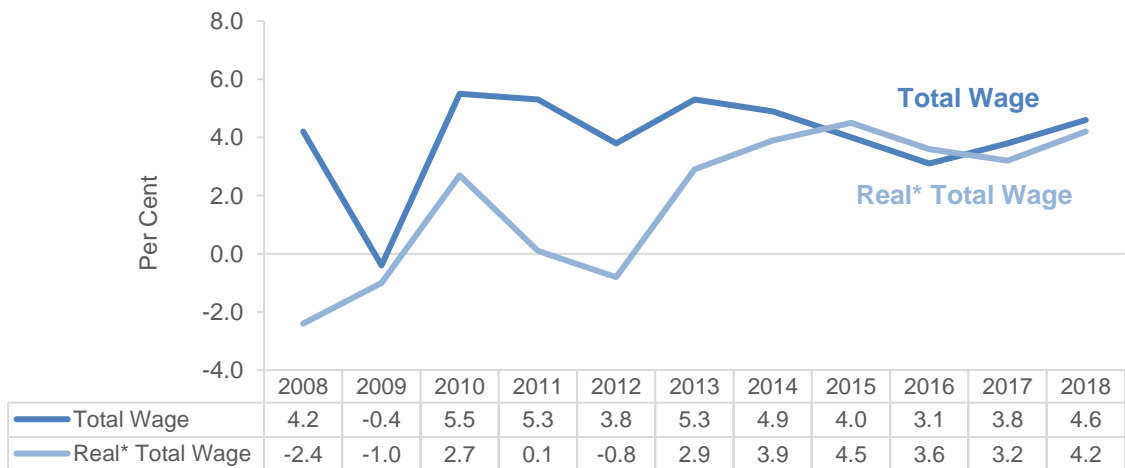
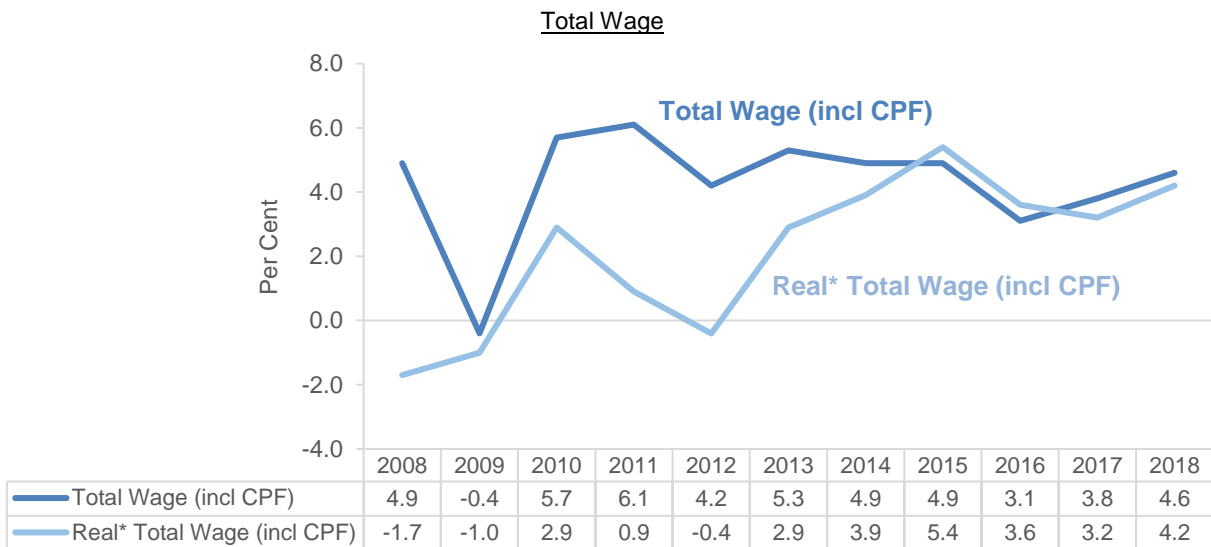
Source : Survey on Annual Wage Changes, Manpower Research and Statistics Department, MOM

3 Wage Trends

Wage growth was higher in 2018 than in 2017, regardless of inflation

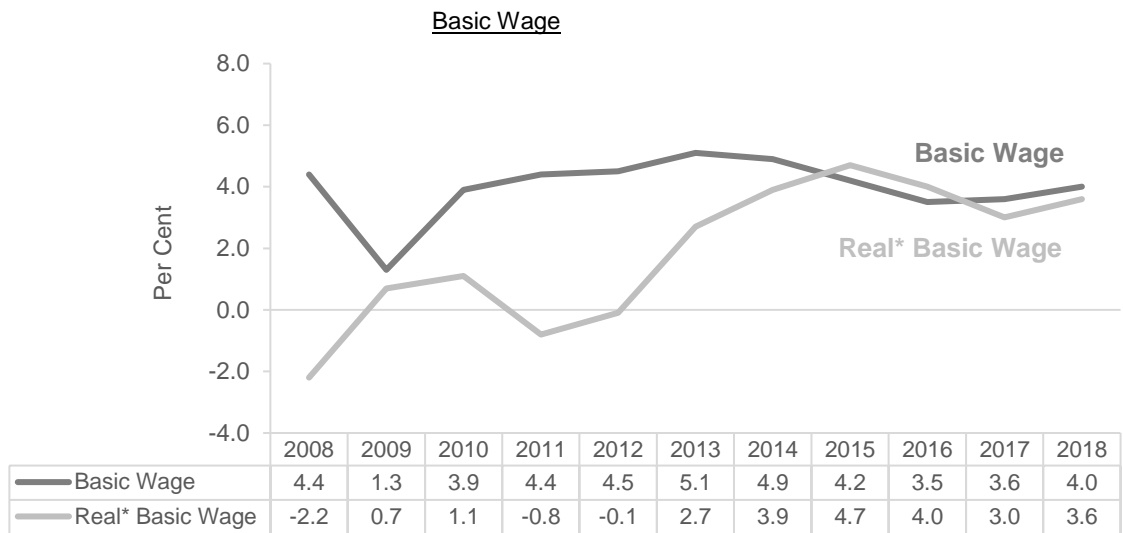
3.1 Total wage (including employer CPF contributions) in the private sector grew at a faster pace in 2018 (4.6%) than 2017 (3.8%), as the economy continued to expand. The higher total wage growth stemmed from a higher basic wage increase of 4.0% and an increase in bonus quantum from 2.00¹³ months of basic wage in 2017 to 2.06 months of basic wage in 2018. Total wage growth excluding CPF was also 4.6% due to a stable CPF contribution rate. Trends were similar after accounting for inflation¹⁴ (Chart 5).

Chart 5: Annual Change In Total And Basic Wages, 2008 – 2018



¹³ Based on bonus data collected in 2018's Survey on Annual Wage Changes.

¹⁴ The rate of inflation, as measured by the Consumer Price Index (CPI) for all items, was 0.4% in 2018, down from 0.6% in 2017. Real total wages excluding employer CPF contributions rose by 4.2% in 2018, up from the 3.2% increase in 2017.

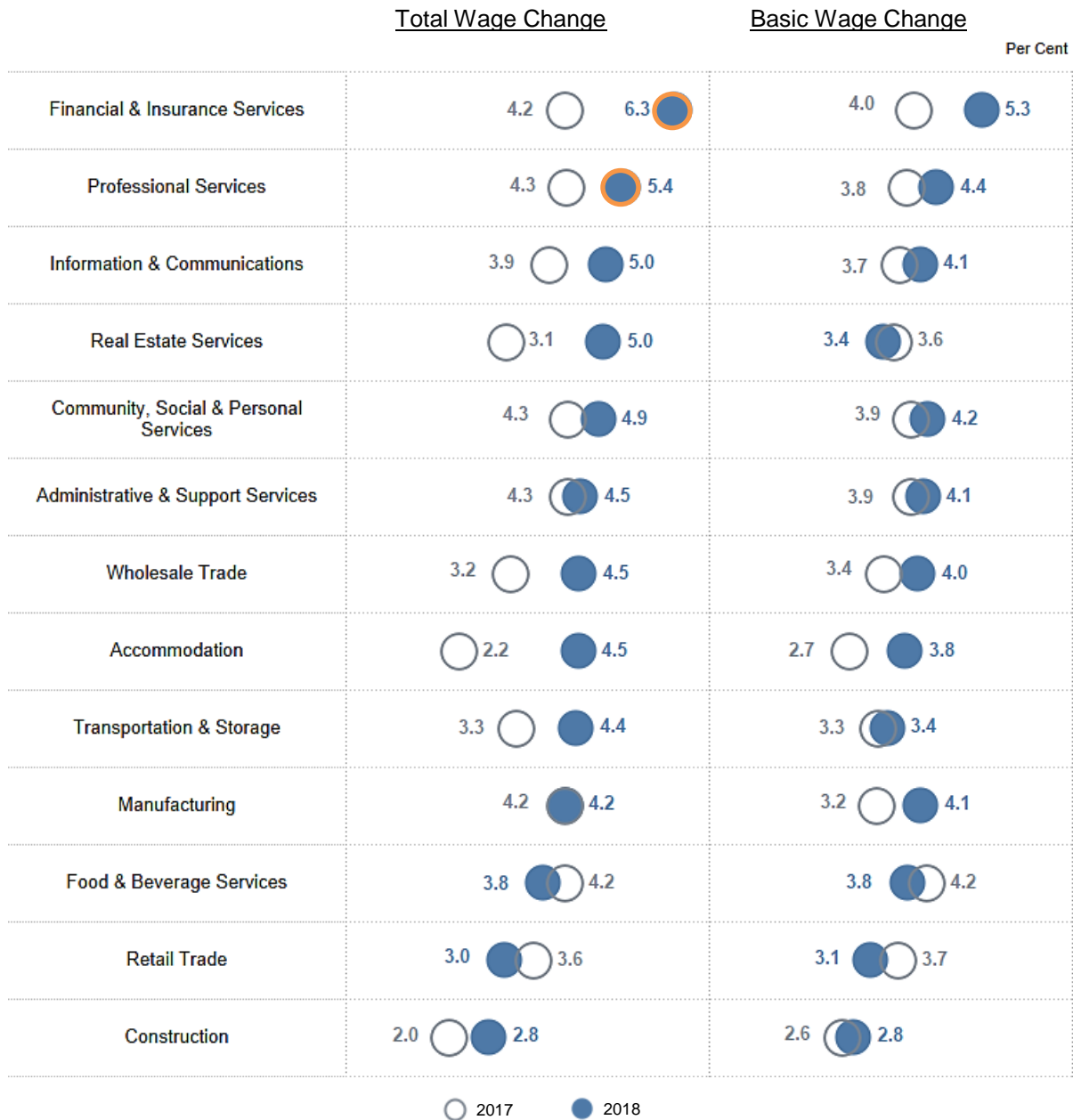


Source : Survey on Annual Wage Changes, Manpower Research and Statistics Department, MOM

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

3.2 In most industries, total wage growth in 2018 was higher than 2017, with the highest increase in financial & insurance services and professional services. Average wage growth was broadly unchanged in manufacturing, reflecting the uneven output growth within the sector¹⁵ while food & beverage and retail trade saw moderated wage growth¹⁶ (Chart 6).

Chart 6: Wage Change By Industry, 2017 And 2018



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

¹⁵ 2018's real GDP growth in manufacturing was driven mainly by transport engineering, electronics and biomedical manufacturing segments. Source: Economic Survey of Singapore 2018, MTI

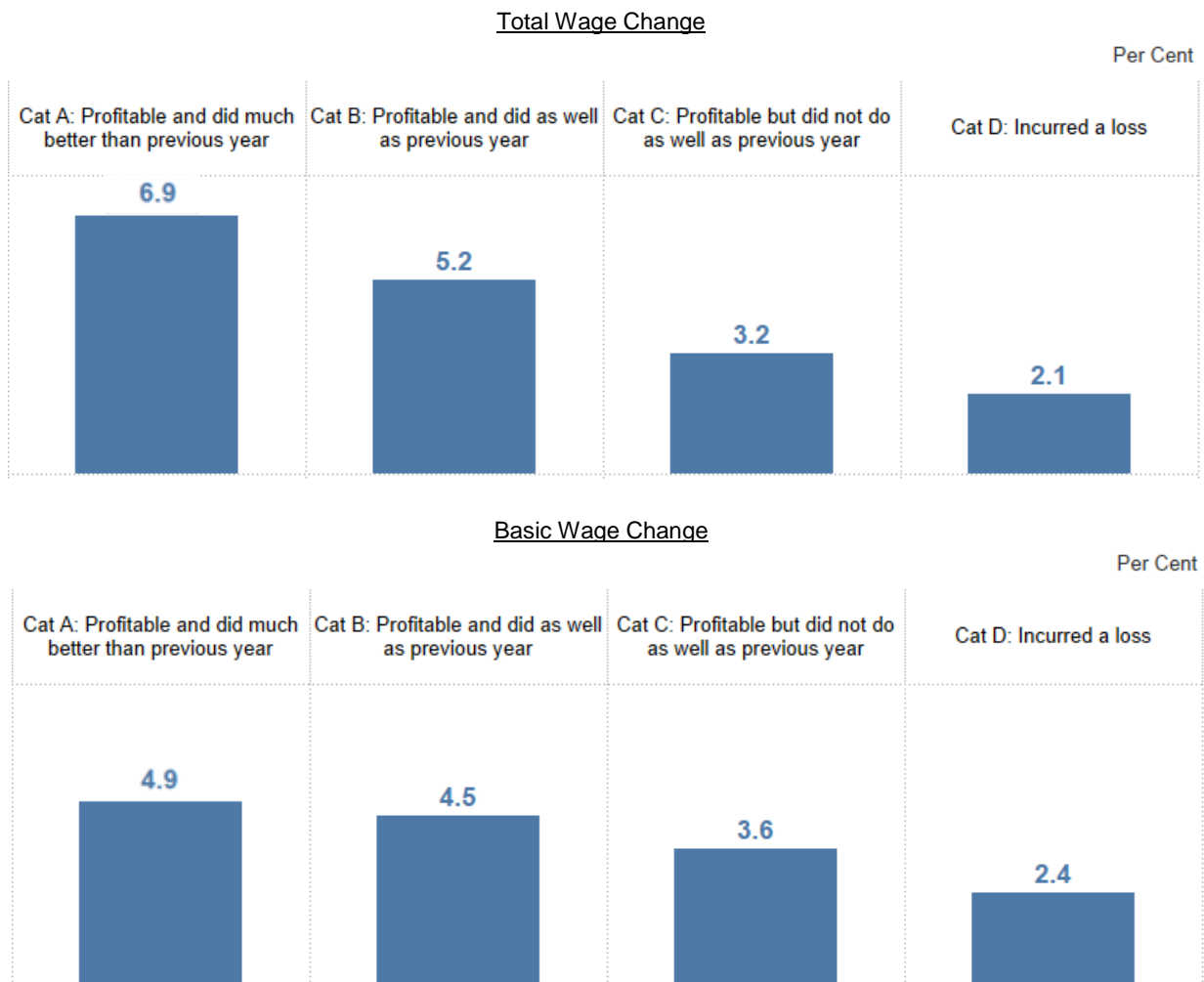
¹⁶ The food & beverage services index fell marginally by 0.2% in 2018. Retail sales volume declined by 1.1%, reversing the 1.3% growth recorded in 2017. Source: Economic Survey of Singapore 2018, MTI

4 Wage Change and Profitability

Wage increases closely tied to profitability

4.1 Wage increases and bonuses were closely tied to the profit status of establishments . Profitable establishments gave higher wage increments and larger bonus quantum compared with loss-making establishments (Charts 7 and 8). This was also observed across all establishment sizes and industries. This demonstrated establishments' adherence to the 2018/2019 NWC recommendations regarding practices on wage increases and variable payments.

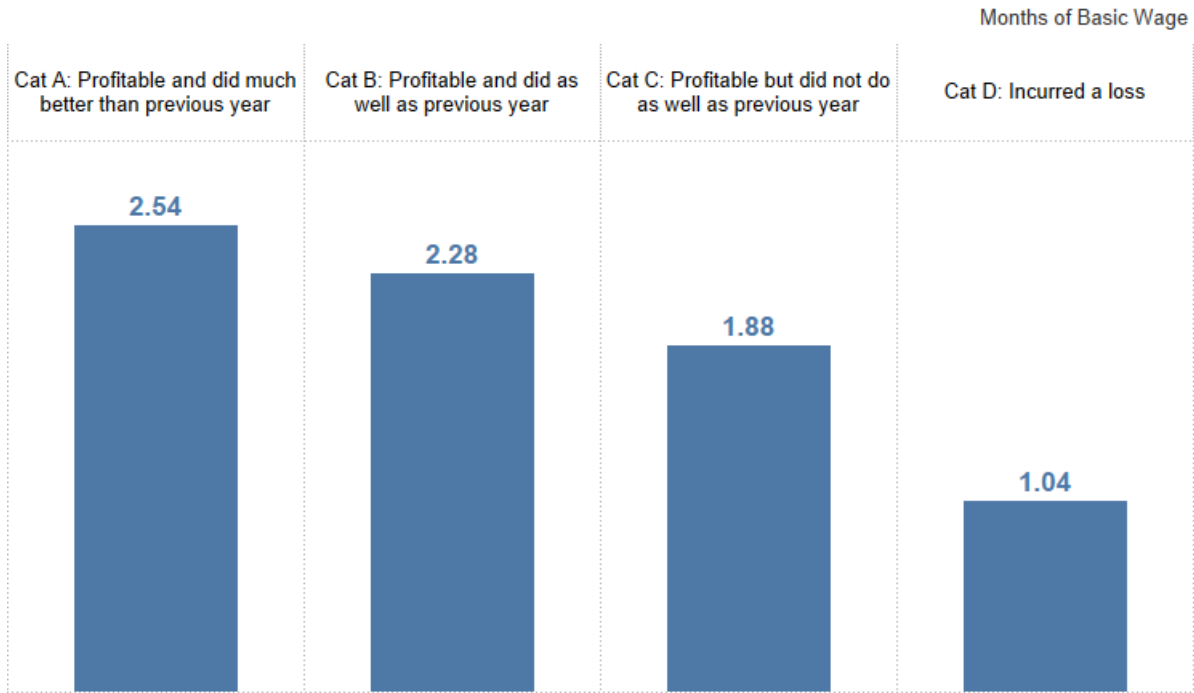
Chart 7: Wage Change By Detailed Profit Status, 2018



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 2018.
 (2) Cat A to C pertain to profitable establishments, while Cat D pertain to loss-making establishments.

Chart 8: Annual Variable Component By Detailed Profit Status, 2018



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

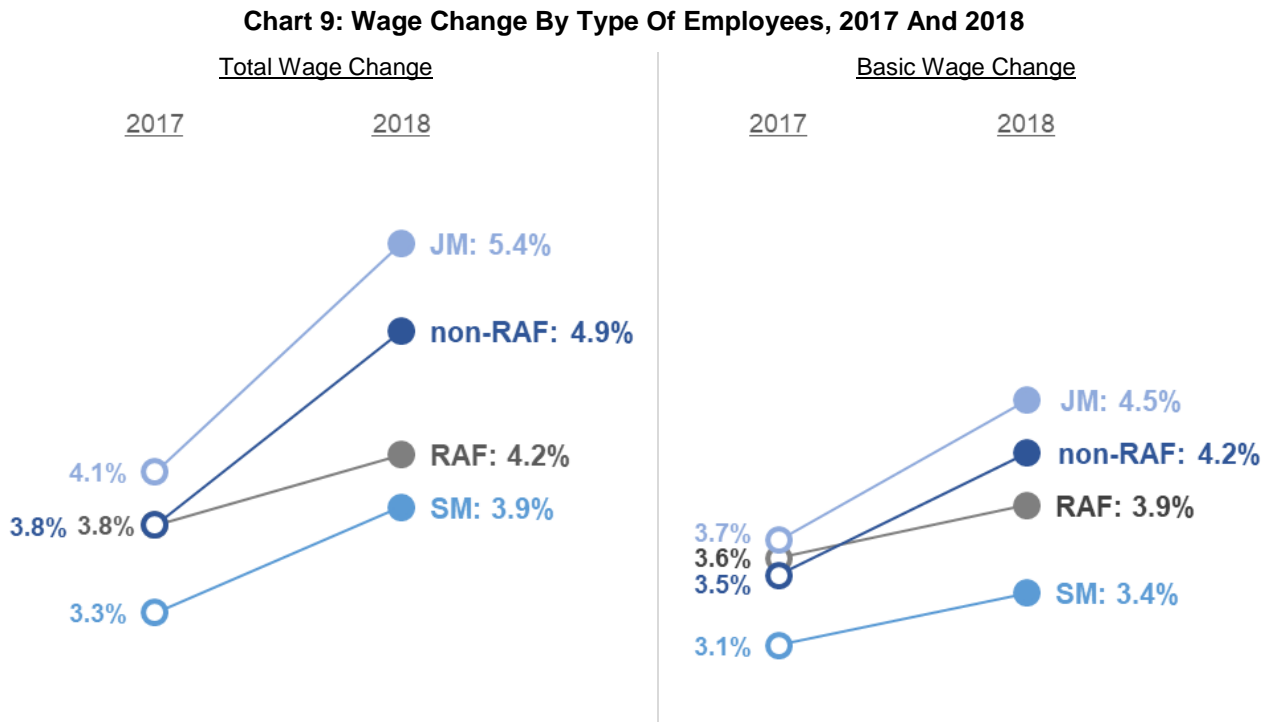
Notes: (1) Based on private sector establishments that disclosed their profitability status in 2018.

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

5 Wage Changes by Type of Employees

Total wage growth among non-RAF employees outpaced that of RAF in 2018

5.1 Wages rose for rank-and-file (RAF) employees, junior management and senior management in 2018, and at a faster rate than in 2017. This was observed across most industries. (Annex 1 – Table 1).¹⁷ Wage growth for RAF employees remained higher than that of senior management, though it lagged the junior management (Chart 9).



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

Note: RAF refers to rank-and-file. Non-RAF comprise junior (JM) and senior management (SM).

¹⁷ Some sectors did not see higher wage growth in 2018 than 2017. For example, RAF employees in manufacturing, retail trade and food & beverage services saw moderation in total wage growth.

6 Wage Increases for Low-Wage Employees

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

Table 1: Quantitative Wage Recommendations for Low-Wage Employees

Period of Guidelines	Basic Monthly Wage Threshold	Recommended Built-in Wage Increase
2012/2013	\$1,000	At least \$50
2013/2014	\$1,000	At least \$60
2014/2015	\$1,000	At least \$60
2015/2016	\$1,100	At least \$60
2016/2017	\$1,100	\$50 to \$65
2017/2018	\$1,200	\$45 to \$60
2018/2019	\$1,300	\$50 to \$70

Adoption rates of NWC’s quantitative built-in wage recommendations declined slightly but remained higher than most years before 2017

6.2 The proportion of establishments who granted wage increases to their low-wage employees¹⁸ held steady between 2018 (61%) and 2017 (62%). Among them, establishments which adopted¹⁹ the NWC’s recommended quantum fell slightly from 48% in 2017 to 45% in 2018. However, it remained higher than most years before 2017 ([Chart 10](#)). Consequently, the proportion of low-wage employees benefiting from the NWC quantitative guidelines also declined (52%, 49%). A smaller proportion of establishments gave other forms of wage increases²⁰ (5.7%, 3.9%). The proportion rose for those that gave less than the recommended quantum (4.7%, 7.2%) or had not decided on the details (3.2%, 5.1%) ([Table 2](#)).

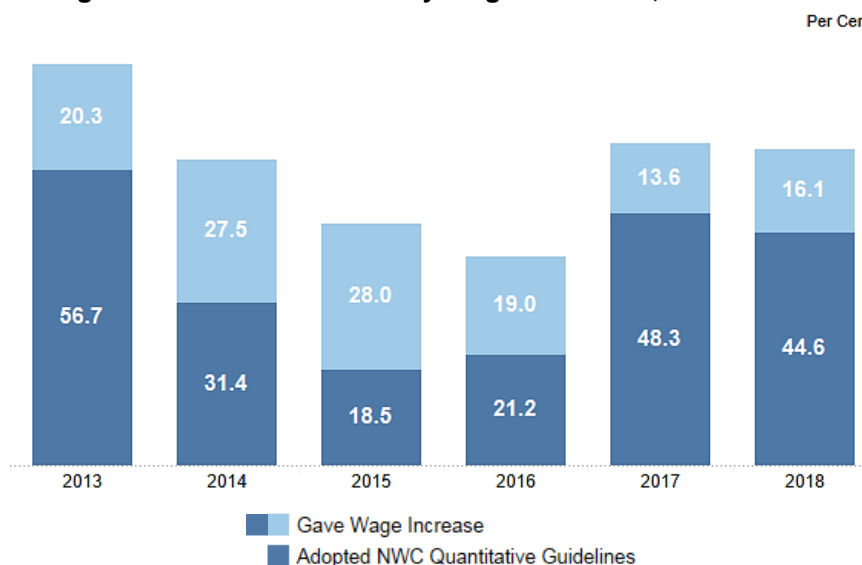
6.3 Among establishments that did not grant wage increases to workers earning up to \$1,300, organisational reasons such as poor business (cited by 19% of establishments) and already paying market rate (16%) were key concerns. Others include the impact on business/wage costs (7.7%), poor employee performance (4.4%) and constraints under existing contracts with clients (1.3%) ([Chart 11](#)).

¹⁸ In 2017, low-wage employees refer to those earning up to \$1,200 in basic wage. In 2018, this threshold was raised to \$1,300.

¹⁹ Establishments that adopted the NWC quantitative guidelines gave increments equal to or more than the NWC’s recommended built-in wage increase.

²⁰ Other forms of wage increase comprise one-off special payment, additional bonus and/or additional allowance.

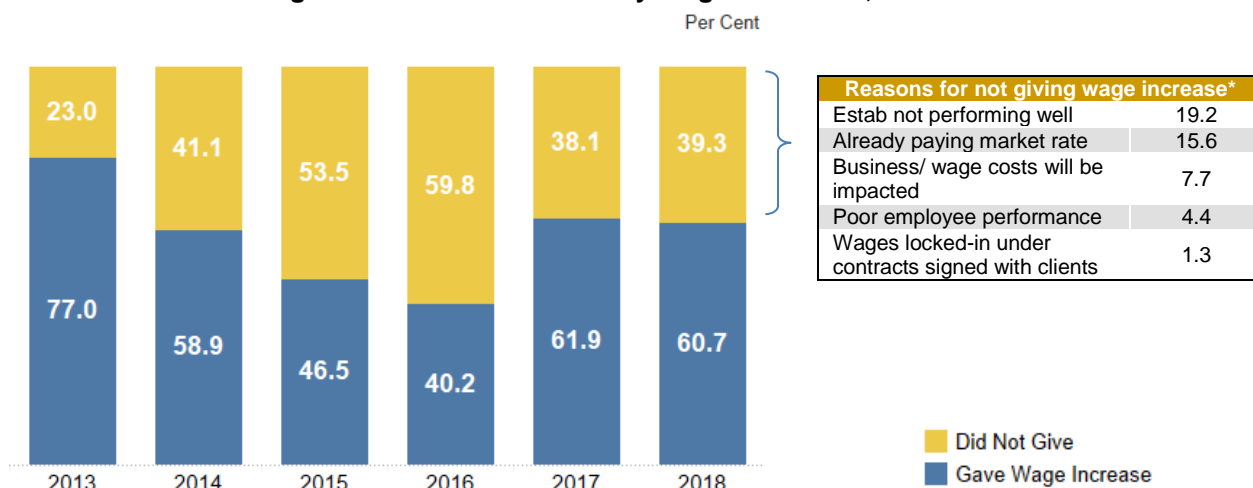
Chart 10: Proportion of Establishments That Gave Wage Increase to Employees Earning At or Below Basic Monthly Wage Threshold, 2013 to 2018



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 (2013 to 2014)/ \$1,100 (2015 and 2016)/\$1,200 (2017)/\$1,300 (2018) and below. The corresponding NWC recommended quantum were at least \$60 (2013 to 2015)/ \$50 to \$65 (2016)/ \$45 to \$60 (2017)/ \$50 to \$70 (2018).

Chart 11: Distribution Of Establishments By Whether They Gave Wage Increase To Employees Earning At or Below Basic Monthly Wage Threshold, 2013 to 2018



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 (2013 to 2014)/ \$1,100 (2015 and 2016)/\$1,200 (2017)/\$1,300 (2018) and below. The corresponding NWC recommended quantum were at least \$60 (2013 to 2015)/ \$50 to \$65 (2016)/ \$45 to \$60 (2017)/\$50 to \$70 (2018).

(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. Distribution is based on all private establishments that had employees earning at or below the basic monthly wage threshold.

Profitable establishments were more likely to give built-in wage increase than loss-making ones

6.4 The proportion of establishments in the various profitable categories (A to C) which gave wage increases to employees earning up to \$1,300 was higher than loss-making establishments. These profitable establishments were also more likely to give at least \$50 built-in wage increase (Table 2).

Accommodation, food & beverage services and administrative & support services led in giving NWC's recommended built-in wage increase

6.5 Accommodation (69%), food & beverage services (55%) and administrative & support services (53%) had the highest proportion of establishments which adopted NWC's recommended built-in wage increase for low-wage employees in 2018 (Table 2). Across industries, the adoption rates in 2018 were mostly higher than or similar to the corresponding rates for 2017. This included industries that hire many low-wage workers such as administrative & support services and manufacturing.

Table 2: Distribution Of Establishments By Whether They Gave Wage Increase To Employees Earning Basic Monthly Wage Of \$1,300 And Below, 2018

Per Cent

Estab	Yes						No
	Sub-Total	Had Given Basic Wage Increase	Quantum		Not Yet Decided On Details	Provided other forms of wage increase*	
			Less than \$50	\$50 & More			
Total	60.7	51.8	7.2	44.6	5.1	3.9	39.3
By Profit Status							
Cat A	73.0	57.2	11.1	46.1	9.5	6.3	27.0
Cat B	69.2	59.0	7.5	51.5	5.6	4.6	30.8
Cat C	62.1	53.5	7.0	46.4	4.7	4.0	37.9
Cat D	46.7	41.2	5.6	35.7	3.5	2.0	53.3
By Industry							
Manufacturing	61.1	51.9	8.2	43.8	5.0	4.1	38.9
Construction	51.3	39.3	3.5	35.8	6.8	5.2	48.7
Services	63.3	55.1	8.0	47.1	4.7	3.4	36.7
Wholesale Trade	64.8	56.1	6.9	49.3	5.3	3.4	35.2
Retail Trade	54.1	39.9	6.1	33.8	3.8	10.4	45.9
Transportation & Storage	52.8	39.7	2.0	37.6	9.9	3.2	47.2
Accommodation	88.1	88.1	19.4	68.7	s	s	11.9
Food & Beverage Services	65.4	61.8	6.6	55.2	1.8	1.8	34.6
Information & Communications	s	s	s	s	s	s	s
Financial & Insurance Services	s	s	s	s	s	s	s
Real Estate Services	57.3	55.9	11.9	44.1	-	1.4	42.7
Professional Services	60.7	48.8	13.2	35.6	11.9	-	39.3
Administrative & Support Services	70.5	60.3	7.7	52.5	7.7	2.5	29.5
Community, Social & Personal Services	65.9	59.8	13.1	46.7	3.6	2.5	34.1

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 \$1,300 and below.
- (2) * — Other forms of wage increase include one-off special payment, additional bonus and/or additional allowance.
- (3) s: Data suppressed due to small number covered.
- (4) Cat A to C pertain to profitable establishments, while Cat D pertain to loss-making establishments.

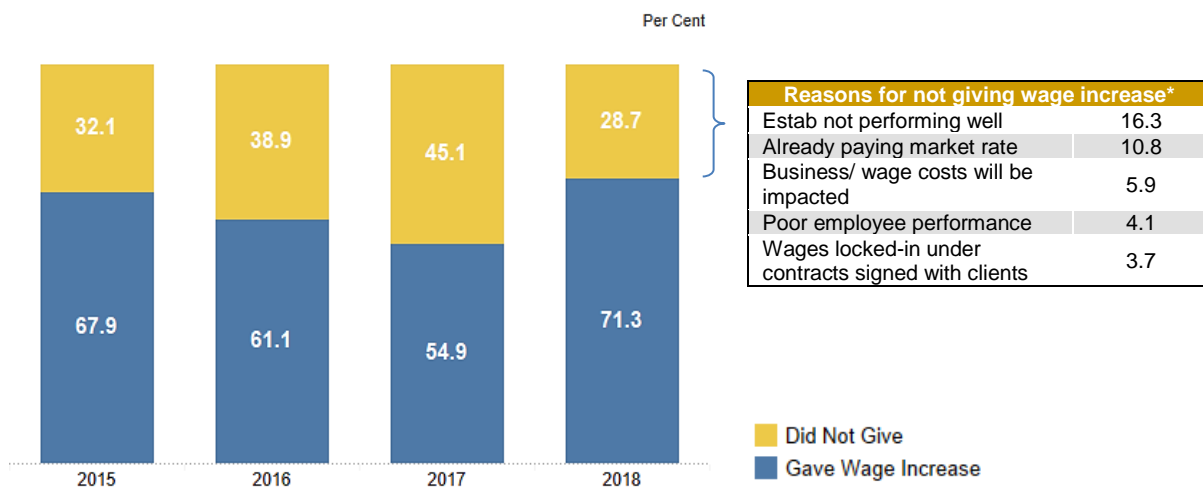
Among establishments with employees performing outsourced work and earning basic monthly wage of up to \$1,300, 55% adopted NWC's built-in wage recommendation in 2018

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 adopt NWC wage recommendations for low-wage workers and to factor in the recommended wage increases into their bid prices.

6.7 71% of private establishments with outsourced employees earning up to \$1,300 gave wage increases to these employees in 2018, higher than the 55% in 2017 and 68% in 2015, when the recommendation was first announced. Adoption rates rose to 55% in 2018 from 44% in 2017 (Charts 12 and 13).²¹ The proportion of employees benefiting from the recommendation also rose in 2018 (2017: 54%, 2018: 57%). Administrative & support services which include the cleaning, security and landscaping sectors hired the majority (75%) of such outsourced low-wage employees and had an adoption rate of 58% in 2018.

6.8 Among the establishments that did not grant wage increases to these workers (29%), many cited that establishment was not performing well (16%) or felt they were already paying market rate (11%). While contractual constraint was the top reason cited by establishments for not granting wage increases in 2017, significantly fewer establishments cited this as a reason in 2018, possibly reflecting adherence to specific recommendations made by the NWC guidelines to factor in wage increments into new outsourced service contracts.

Chart 12: Distribution Of Establishments By Whether They Gave Wage Increase To Employees Performing Outsourced Work And Earning At or Below Basic Monthly Wage Threshold, 2015 to 2018



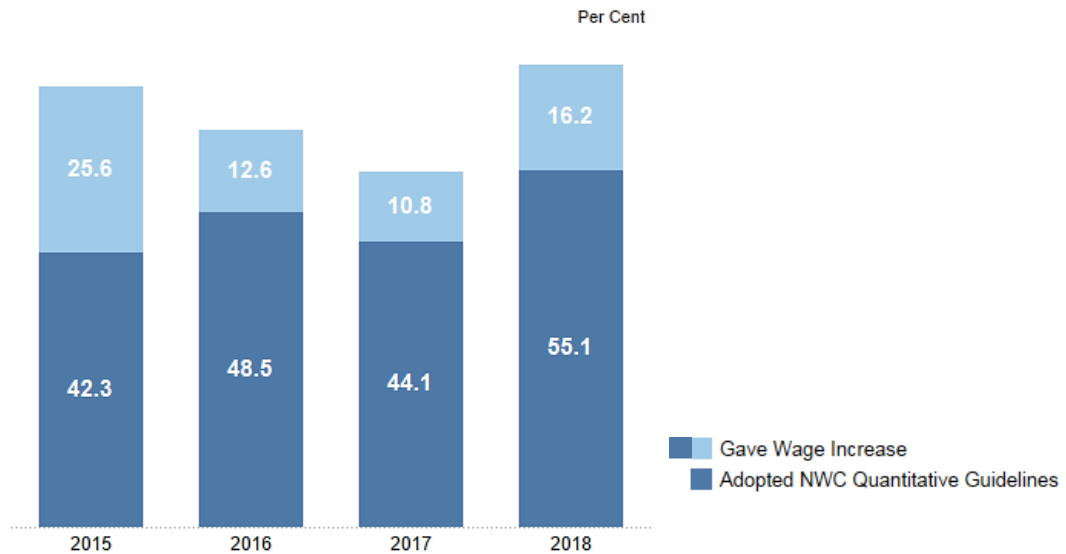
Source : Survey on Annual Wage Changes, Manpower Research and Statistics Department, MOM

Notes: (1) Based on private sector establishments with outsourced employees earning basic monthly wage of \$1,100 (2015 and 2016)/\$1,200 (2017)/\$1,300 (2018) and below. The corresponding NWC recommended quantum were at least \$60 (2015)/ \$50 to \$65 (2016)/ \$45 to \$60 (2017)/ \$50 to \$70 (2018).

(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.

²¹ More establishments gave an increase that was less than the recommended quantum (2.0% in 2017, 5.8% in 2018) or had not decided on the details (4.7%, 8.8%), while the proportion of establishments that gave other forms of wage fell (4.1%, 1.6%).

Chart 13: Proportion Of Establishments That Gave Wage Increase To Employees Performing Outsourced Work And Earning At or Below Basic Monthly Wage Threshold, 2015 to 2018



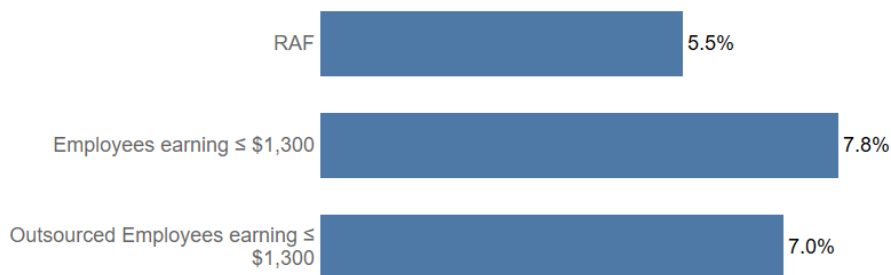
Source : Survey on Annual Wage Changes, Manpower Research and Statistics Department, MOM

Note: Based on private sector establishments with outsourced employees earning basic monthly wage of \$1,100 (2015 and 2016)/ \$1,200 (2017) /\$1,300 (2018) and below. The corresponding NWC recommended quantum were at least \$60 (2015)/ \$50 to \$65 (2016)/ \$45 to \$60 (2017)/ \$50 to \$70 (2018).

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

6.9 Among low-wage employees²² who were given built-in wage increase in 2018, regular low-wage employees received higher pay-outs (median: \$92, mean: \$87) than low-wage employees on outsourced service contracts (median: \$77, mean: \$80) (Annex 1 – Table 12). Nonetheless, both low-wage employees (7.8%) and outsourced low-wage workers (7.0%) enjoyed higher basic wage gains (mean) than all RAF in these establishments (5.5%) (Chart 14).

Chart 14: Quantum Of Built-In Wage Increase For RAF and Employees Earning Basic Monthly Wage of \$1,300 & Below, 2018



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

Notes: (1) Data for employees earning ≤ \$1,300 and RAF are based on establishments with employees earning basic monthly wage of \$1,300 and below and gave built-in wage increase to these employees in 2018.

(2) Data for outsourced employees earning ≤ \$1,300 are based on establishments with outsourced employees earning basic monthly wage of \$1,300 and below and gave built-in wage increase to these employees in 2018.

²² Earning basic monthly wage of up to \$1,300

7 One-Off Special Payment

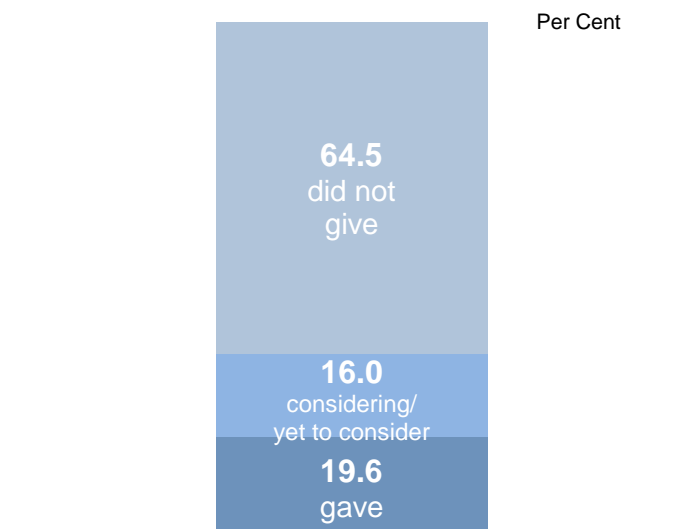
7.1 In its 2018/2019 guidelines, the NWC noted 2017's improvements in the economy and labour market, and particularly the strong productivity growth. Hence, the NWC encouraged companies that achieved productivity improvements in 2017 to share the gains with workers through a one-off special payment. Specifically, the recommended quantum was \$300 to \$600 for low-wage employees earning a basic monthly wage of up to \$1,300.

1 in 5 establishments gave one-off special payment and majority factored the payment into built-in wage increment.

7.2 19.6%²³ of establishments gave one-off special payment and majority (14.7%-points) cited that the payment was factored into built-in increment of the employees (Chart 15). Correspondingly, the proportion of employees receiving one-off special payment was 31.0%, with majority of them receiving at least \$300.

7.3 Among establishments that did not give one-off special payment, many did not see productivity improvements or cited that the establishment's performance was poor, while others rewarded their employees in non-monetary forms.

Chart 15: Distribution Of Establishments By Whether They Gave One-Off Special Payment To Employees, 2018



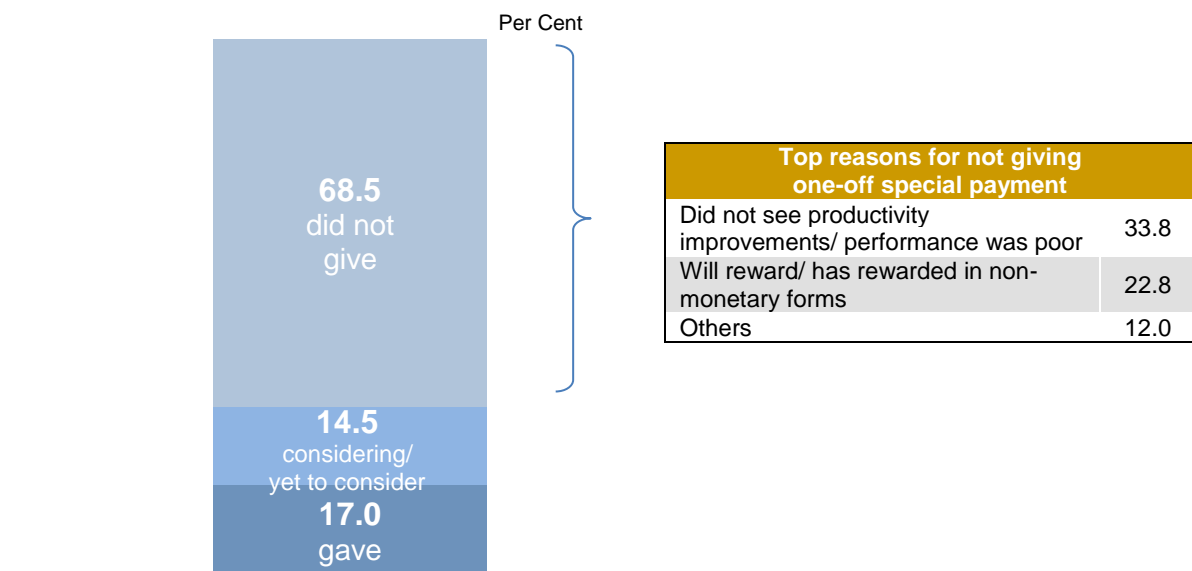
Source : Survey on Annual Wage Changes, Manpower Research and Statistics Department, MOM

²³ 3.8% of establishments rewarded their employees with one-off special payment for good performance and productivity improvement related reasons.

Comparatively lower proportion of establishments with low-wage workers gave one-off special payment

7.4 17.0% of establishments with low-wage workers gave one-off special payment. Majority of the establishments factored the payment into built-in wage increment. Less than one-fifth (19.1%) of low-wage workers received one-off special payment, with majority of them (65.5%) receiving less than the \$300 quantum recommended by the NWC. Top reasons cited by the establishments that did not give the one-off special payment to their low-wage employees were that the establishment did not see productivity improvements, performed poorly or that they had already rewarded employees in non-monetary forms such as improved staff welfare (Chart 16).

Chart 16: Distribution Of Establishments By Whether They Gave One-Off Special Payment To Employees Earning Basic Monthly Wage of \$1,300 & Below, 2018



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

Chart 1.1: Distribution By Basic Wage Change, 2017 And 2018

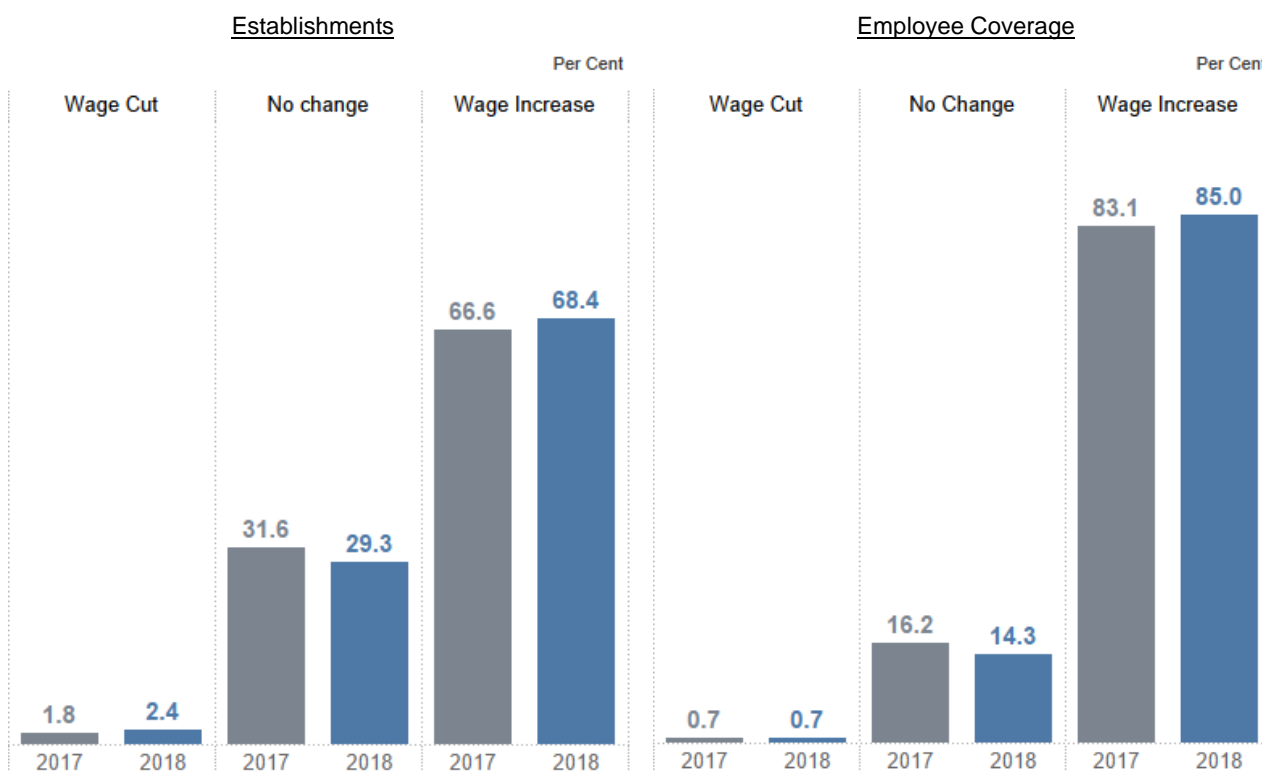
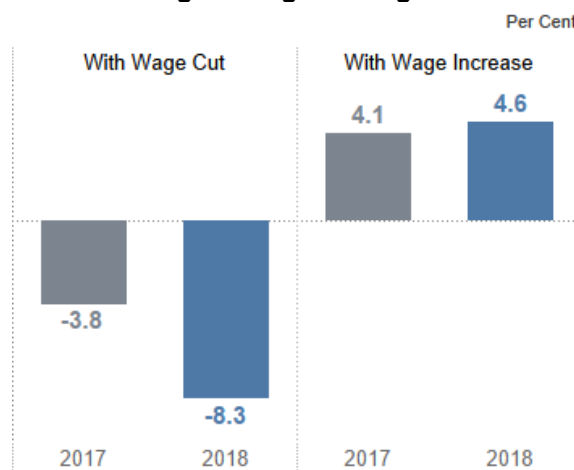


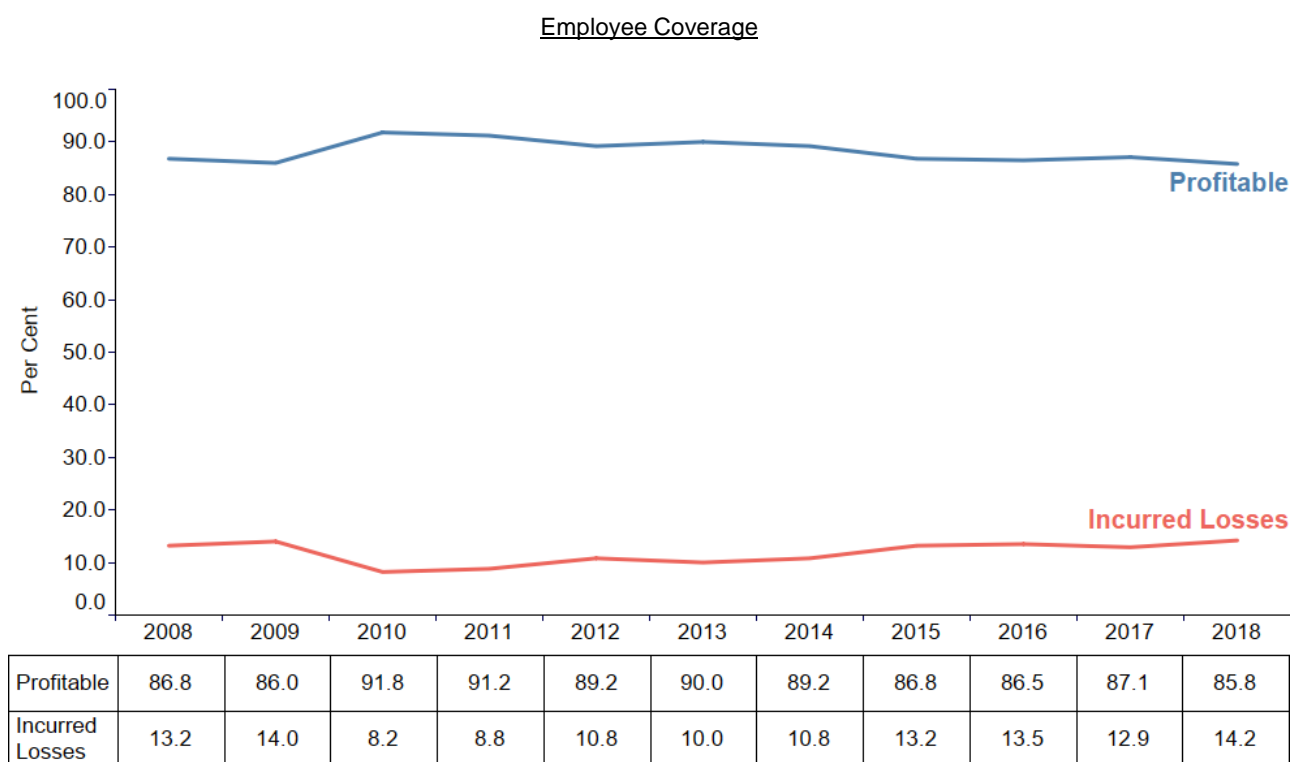
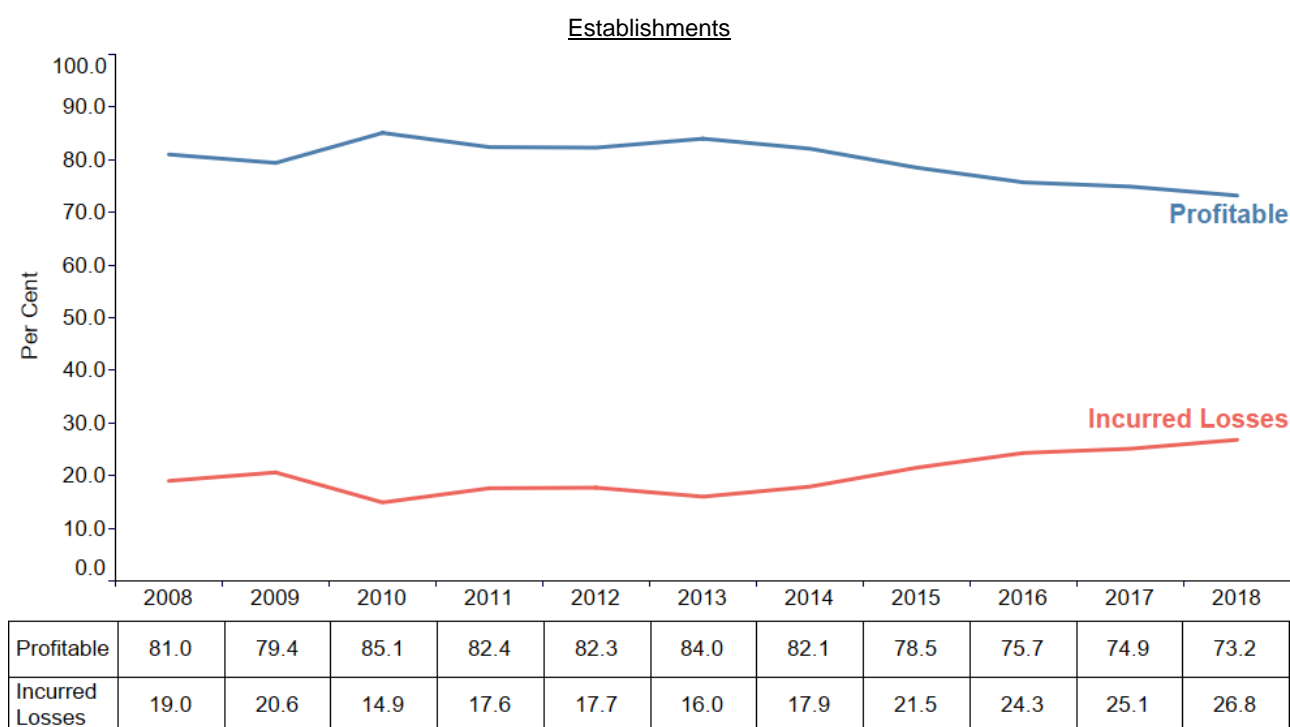
Chart 1.2: Extent of Basic Wage Change Among Establishments, 2017 And 2018



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

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

Chart 2: Distribution By Profit Status, 2008 – 2018



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

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

Table 1: Wage Change By Industry, 2017 And 2018

Per Cent

Industry (SSIC 2015)	Period	Total Wage Change			Basic Wage Change		
		Total	RAF	NRAF	Total	RAF	NRAF
Manufacturing	2018	4.2	3.9	4.6	4.1	3.8	4.3
	2017	4.2	4.2	4.3	3.2	3.2	3.3
Construction	2018	2.8	3.1	2.5	2.8	3.0	2.6
	2017	2.0	2.3	1.9	2.6	2.6	2.6
Services	2018	4.8	4.4	5.2	4.1	3.9	4.3
	2017	3.9	3.8	3.9	3.7	3.8	3.6
Wholesale Trade	2018	4.5	4.0	4.9	4.0	3.9	4.2
	2017	3.2	3.7	2.8	3.4	3.6	3.2
Retail Trade	2018	3.0	3.4	2.4	3.1	3.2	2.9
	2017	3.6	3.7	3.3	3.7	3.7	3.4
Transportation & Storage	2018	4.4	4.6	4.2	3.4	3.5	3.3
	2017	3.3	3.1	3.7	3.3	3.1	3.5
Accommodation	2018	4.5	4.5	4.5	3.8	3.7	3.9
	2017	2.2	1.9	2.4	2.7	2.5	2.9
Food & Beverage Services	2018	3.8	4.1	3.1	3.8	4.2	3.1
	2017	4.2	4.6	3.8	4.2	4.6	3.3
Information & Communications	2018	5.0	4.5	5.2	4.1	4.2	4.0
	2017	3.9	4.0	3.9	3.7	3.9	3.6
Financial & Insurance Services	2018	6.3	5.0	6.6	5.3	4.1	5.4
	2017	4.2	3.6	4.2	4.0	3.6	3.9
Real Estate Services	2018	5.0	4.4	5.5	3.4	3.6	3.1
	2017	3.1	3.3	2.9	3.6	3.8	3.4
Professional Services	2018	5.4	4.5	5.7	4.4	4.0	4.6
	2017	4.3	3.5	4.6	3.8	3.2	4.1
Administrative & Support Services	2018	4.5	4.5	4.7	4.1	4.2	3.9
	2017	4.3	4.2	4.3	3.9	4.0	3.6
Community, Social & Personal Services	2018	4.9	4.9	4.8	4.2	4.4	4.1
	2017	4.3	4.2	4.3	3.9	4.2	3.7

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

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

Table 2: Annual Variable Component By Industry, 2017 And 2018

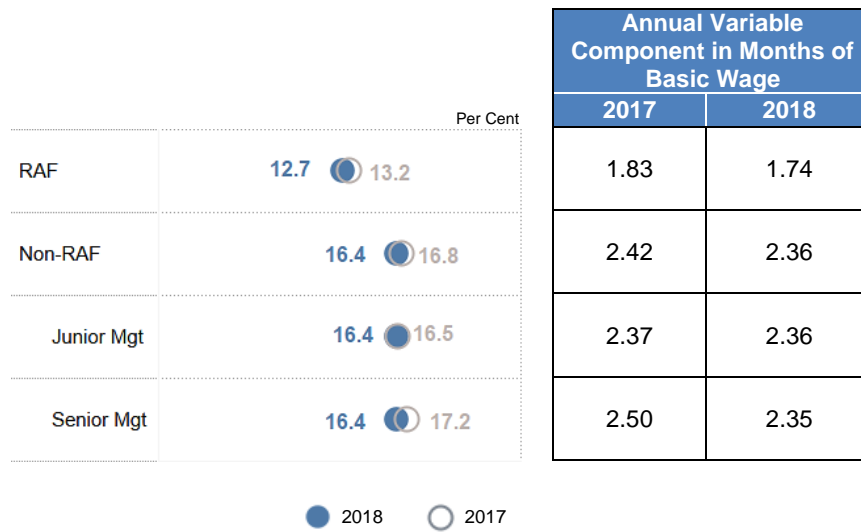
Months of Basic Wage

Industry (SSIC 2015)	Period	Months of Basic Wage		
		Total	RAF	NRAF
Manufacturing	2018	2.16	1.97	2.34
	2017	2.28	2.11	2.42
Construction	2018	1.11	0.93	1.26
	2017	1.27	0.98	1.49
Services	2018	2.12	1.74	2.45
	2017	2.17	1.81	2.49
Wholesale Trade	2018	1.94	1.53	2.31
	2017	1.89	1.50	2.28
Retail Trade	2018	1.66	1.67	1.64
	2017	1.64	1.65	1.58
Transportation & Storage	2018	2.66	2.67	2.63
	2017	2.65	2.61	2.73
Accommodation	2018	2.24	2.16	2.31
	2017	2.14	2.02	2.24
Food & Beverage Services	2018	0.74	0.70	0.82
	2017	0.83	0.76	0.95
Information & Communications	2018	1.89	1.65	1.99
	2017	2.01	1.61	2.14
Financial & Insurance Services	2018	3.13	2.35	3.26
	2017	3.34	2.79	3.43
Real Estate Services	2018	2.45	1.83	3.06
	2017	2.28	1.83	2.80
Professional Services	2018	1.96	1.72	2.06
	2017	1.94	1.78	2.00
Administrative & Support Services	2018	1.08	0.87	1.74
	2017	1.38	1.19	1.91
Community, Social & Personal Services	2018	2.36	2.06	2.63
	2017	2.44	2.16	2.69

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

Note: Data on annual variable component for a reference year is collected twice. Once during the reference year and once more a year later to facilitate calculation of total wage changes in the same company received by a fixed cohort of employees. This table is based on annual variable component collected in the reference year.

Chart 3: Annual Variable Component As A Proportion Of Total Annual Wage, 2017 And 2018

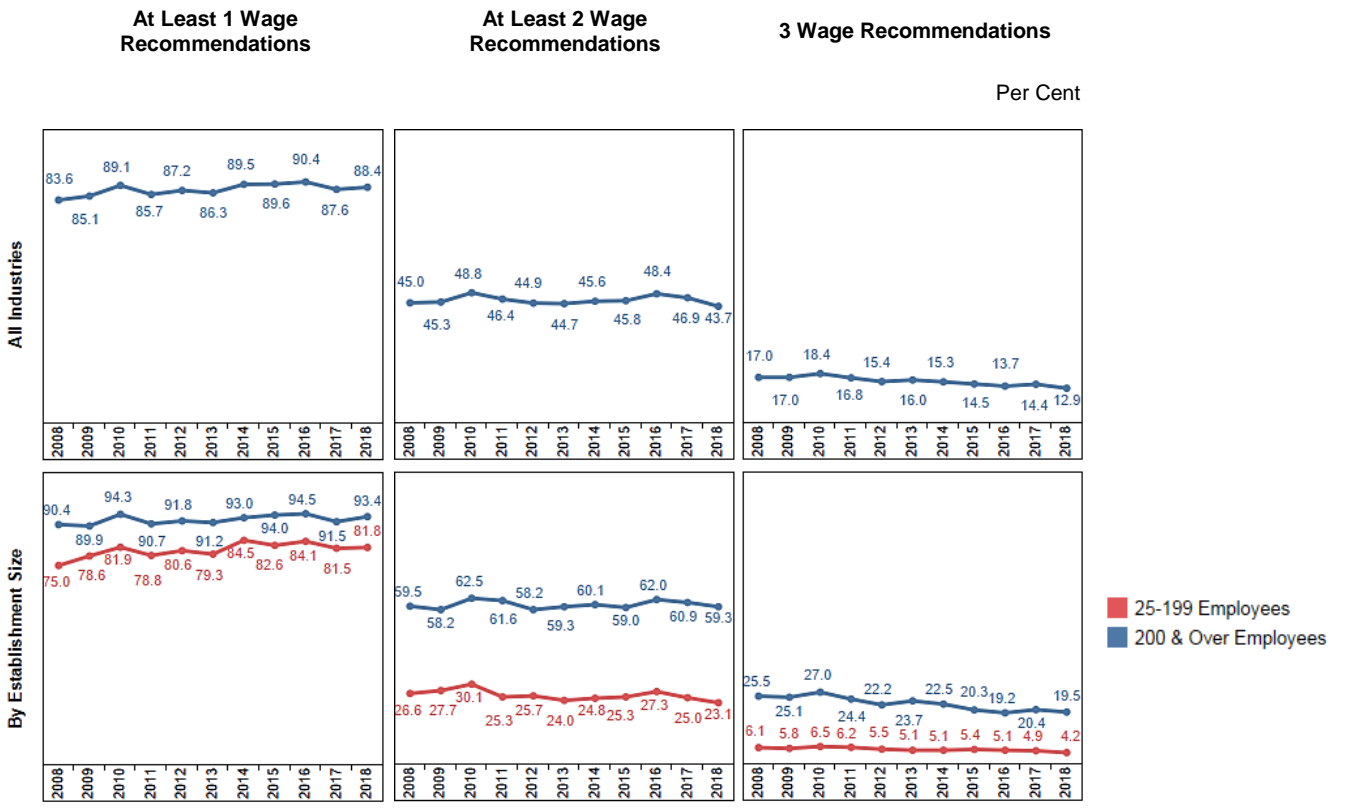


Source : Survey on Annual Wage Changes, Manpower Research and Statistics Department, MOM

Notes: (1) RAF refers to rank-and-file. Non-RAF employees comprise junior and senior management employees

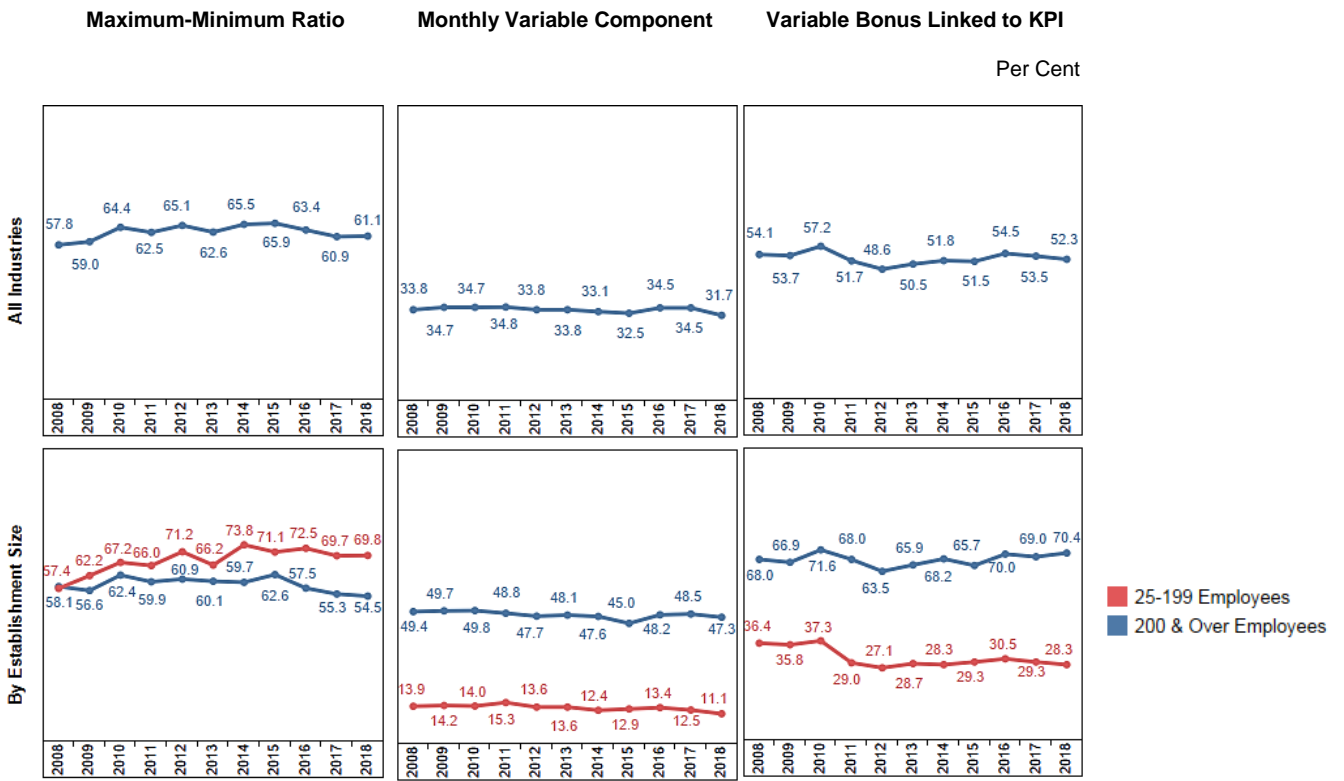
(2) Data on annual variable component for a reference year is collected twice. Once during the reference year and once more a year later to facilitate calculation of total wage changes in the same company received by a fixed cohort of employees. This table is based on annual variable component data collected in the reference year.

Chart 4: Proportion Of Employees Covered By Number Of Key Wage Recommendations Implemented, 2008 – 2018 (December)



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

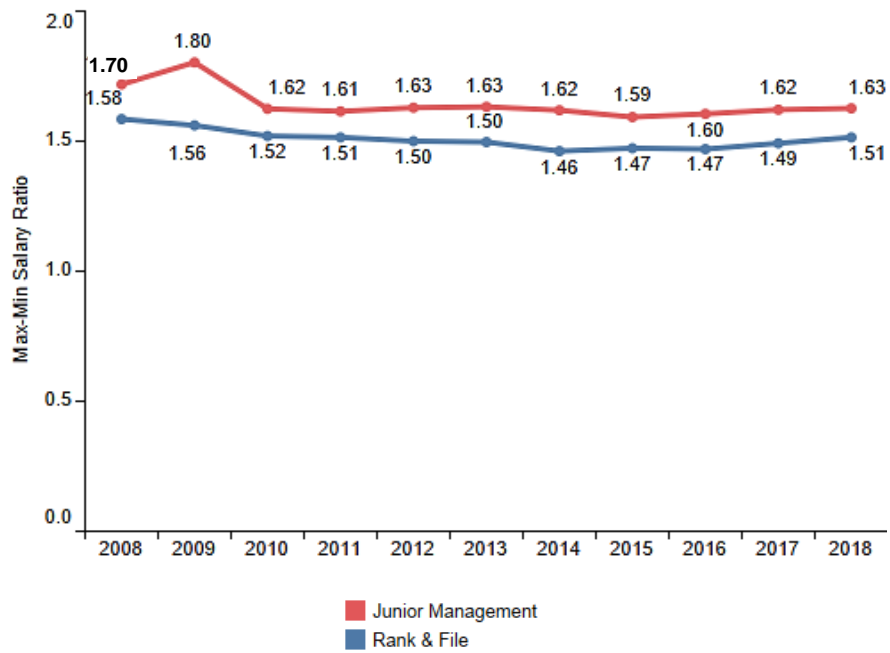
Chart 5: Proportion Of Employees In Establishments That Implemented Wage Restructuring Recommendations, 2008 – 2018 (December)



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

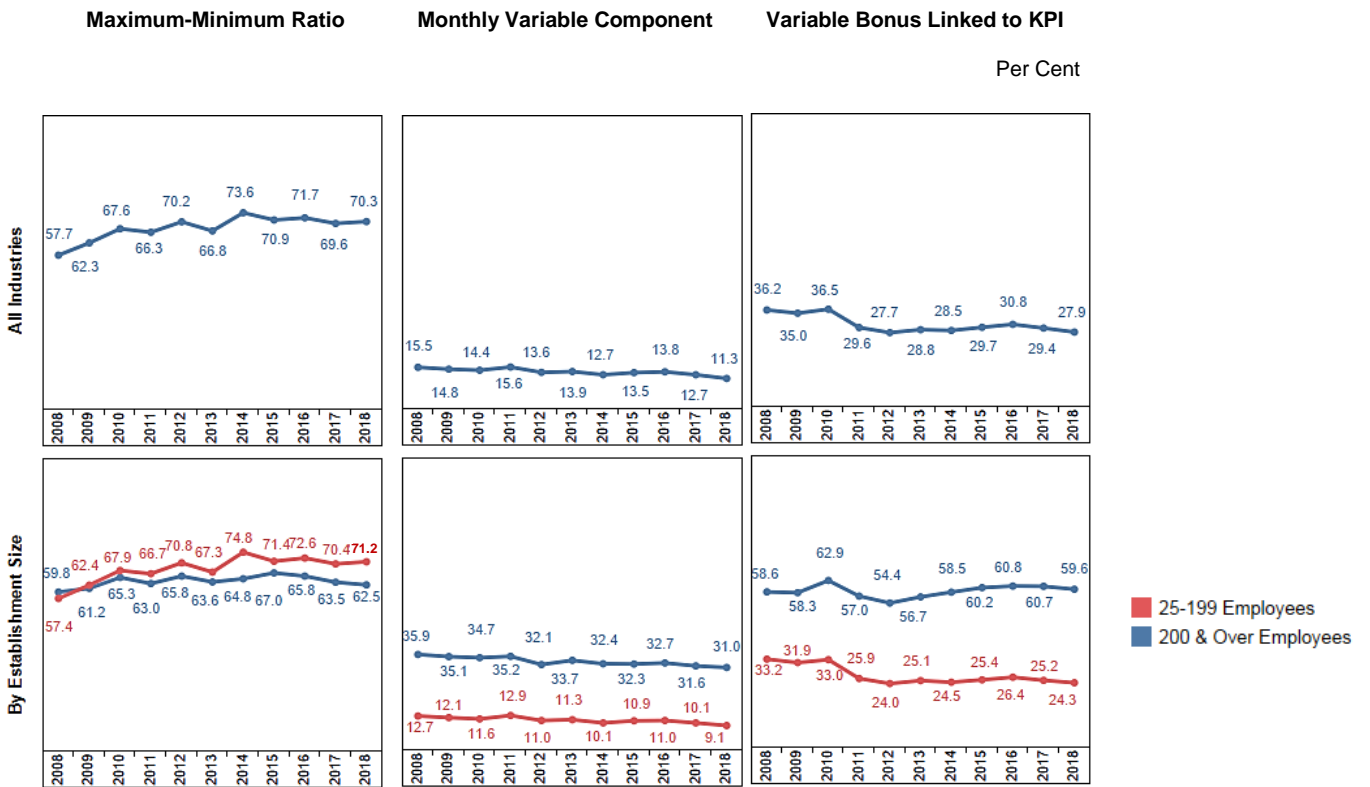
Note: Establishments can implement more than one key wage recommendation.

Chart 6: Average Maximum-Minimum Salary Ratio Of Rank-And-File Employees And Junior Management, 2008 – 2018 (December)



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

Chart 7: Proportion Of Establishments With Wage Restructuring Recommendations Implemented, 2008 – 2018 (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, 2017 And 2018 (December)

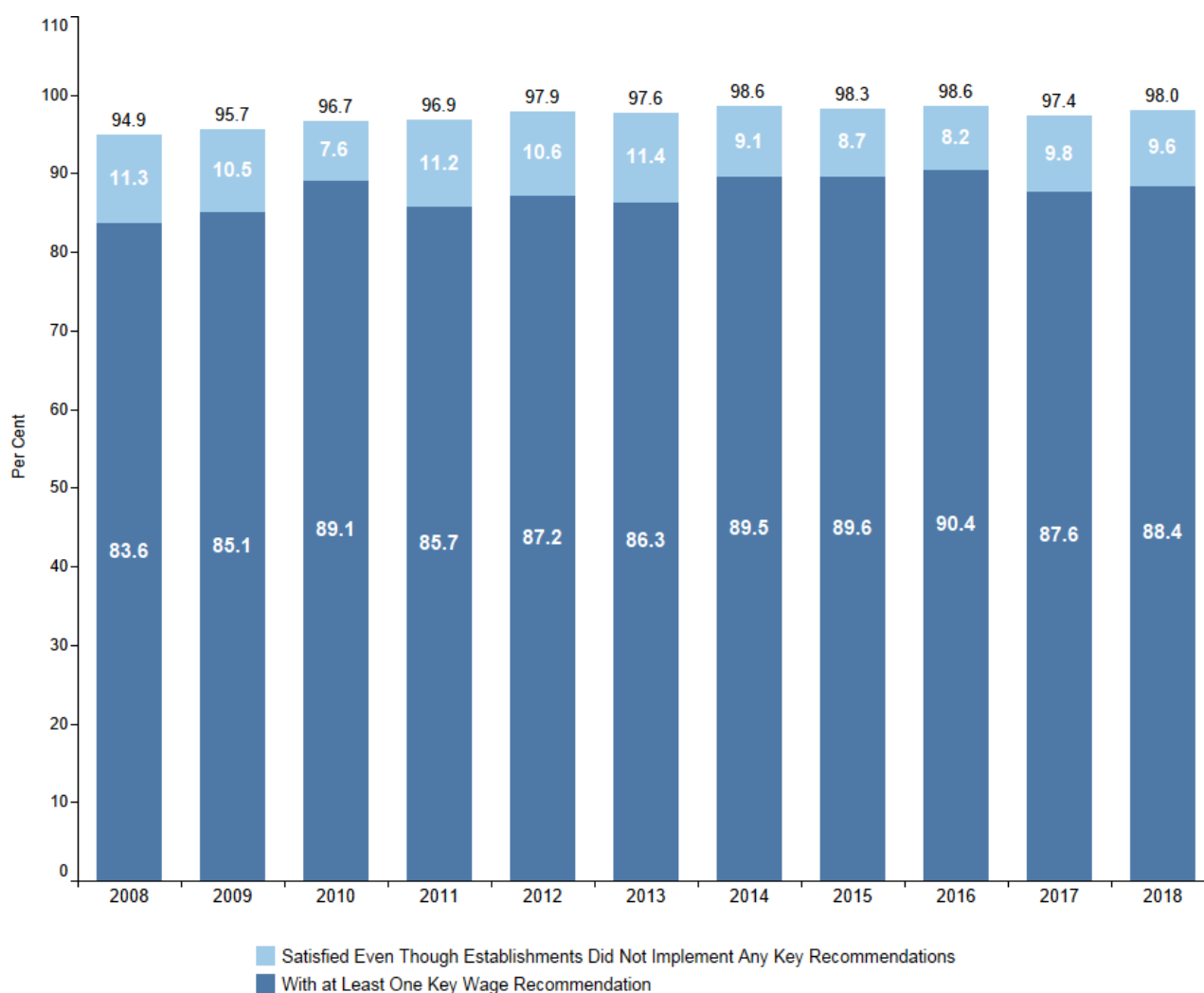
Per Cent

Industry (SSIC 2015)	Period	Some Form of Wage Flexibility (A) + (B) + (C)	Number of Key Wage Recommendations Implemented		
			Three (A)	Two (B)	One (C)
All Industries	2018	88.4	12.9	30.8	44.7
	2017	87.6	14.4	32.6	40.7
All industries (excluding construction and marine)	2018	90.1	14.4	34.1	41.6
	2017	89.1	16.5	35.7	36.9
All Industries (excluding construction)	2018	90.1	14.6	33.2	42.3
	2017	89.0	16.1	35.2	37.7
Manufacturing	2018	90.2	15.2	29.8	45.1
	2017	84.9	14.1	31.0	39.7
Ship Building & Repair (Marine)	2018	88.6	20.7	4.5	63.3
	2017	86.0	3.0	22.2	60.8
Construction	2018	78.6	3.0	16.8	58.8
	2017	79.3	4.0	16.6	58.7
Services	2018	90.1	14.5	34.1	41.5
	2017	90.1	16.4	36.7	37.0
Wholesale Trade	2018	89.6	5.4	23.1	61.1
	2017	85.8	7.2	23.0	55.5
Retail Trade	2018	92.5	10.2	47.2	35.1
	2017	91.5	9.6	49.9	32.1
Transportation & Storage	2018	91.4	35.5	28.2	27.7
	2017	91.6	32.3	32.8	26.4
Accommodation	2018	98.1	44.1	39.8	14.2
	2017	96.6	42.7	38.4	15.5
Food & Beverage Services	2018	88.8	8.3	24.3	56.2
	2017	89.4	10.2	33.5	45.6
Information & Communications	2018	91.1	6.2	38.5	46.4
	2017	92.7	9.3	30.3	53.1
Financial & Insurance Services	2018	87.9	5.5	51.6	30.8
	2017	90.0	7.6	55.4	26.9
Real Estate Services	2018	81.3	20.6	24.3	36.5
	2017	85.7	24.1	26.6	35.0
Professional Services	2018	88.2	18.0	30.2	39.9
	2017	90.7	18.8	29.5	42.5
Administrative & Support Services	2018	89.2	12.2	21.4	55.7
	2017	86.5	18.7	24.2	43.6
Community, Social & Personal Services	2018	92.6	14.4	44.4	33.8
	2017	93.1	17.6	50.0	25.5

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 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, 2008 – 2018 (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, 2017 And 2018 (December)

Per Cent

	Period	Did Not Implement Any Key Wage Recommendation	Satisfied/Not Satisfied With Level of Flexibility in Wage System	
			Satisfied	Not Satisfied
All Industries	2018	11.6	9.6	2.0
	2017	12.4	9.8	2.6
By Establishment Size				
25-199 Employees	2018	18.2	14.6	3.5
	2017	18.5	13.7	4.8
200 or More Employees	2018	6.6	5.8	0.8
	2017	8.5	7.3	1.2

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, 2017 And 2018 (December)

Per Cent

Industry (SSIC 2015)	Period	With Maximum-Minimum Salary Ratio	With MVC	With Variable Bonus Linked to KPI
All Industries	2018	61.1	31.7	52.3
	2017	60.9	34.5	53.5
Manufacturing	2018	61.8	31.5	57.1
	2017	58.3	33.5	52.4
Construction	2018	70.5	12.1	18.9
	2017	71.3	13.1	19.4
Services	2018	59.0	35.8	58.2
	2017	59.1	39.2	61.2
Wholesale Trade	2018	62.1	13.5	47.9
	2017	62.9	12.6	47.7
Retail Trade	2018	64.6	36.9	58.7
	2017	62.5	36.7	61.3
Transportation & Storage	2018	66.6	56.0	68.0
	2017	64.2	53.5	71.4
Accommodation	2018	89.8	54.8	81.5
	2017	86.0	57.2	77.2
Food & Beverage Services	2018	83.6	14.9	31.3
	2017	73.2	27.8	42.3
Information & Communications	2018	52.2	17.5	72.2
	2017	42.1	19.4	80.0
Financial & Insurance Services	2018	23.0	49.8	77.7
	2017	28.1	56.8	75.8
Real Estate Services	2018	60.7	37.2	48.9
	2017	69.4	37.0	54.2
Professional Services	2018	58.7	31.1	64.7
	2017	59.8	31.4	66.6
Administrative & Support Services	2018	73.6	17.2	44.2
	2017	76.4	27.8	44.0
Community, Social & Personal Services	2018	51.0	55.9	58.9
	2017	53.1	60.0	65.3

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

Table 6: Proportion Of Employees In Establishments That Shared Information With Employees, 2008– 2018 (December)

Per Cent

Year	All Industries	By Establishment Size	
		25-199 employees	200 or more employees
2008	76.9	64.4	86.8
2009	75.2	61.3	85.5
2010	75.8	61.3	86.4
2011	76.3	61.4	87.1
2012	76.0	59.0	87.8
2013	76.8	61.4	87.6
2014	76.6	59.8	88.3
2015	78.3	61.6	88.9
2016	78.4	63.8	87.9
2017	75.3	58.0	86.4
2018	73.7	57.1	86.3

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

Table 7: Proportion Of Establishments That Shared Information With Employees, 2008 – 2018 (December)

Per Cent

Year	All Industries	By Establishment Size	
		25-199 employees	200 or more employees
2008	63.5	61.3	79.7
2009	60.8	58.2	79.4
2010	60.2	57.8	77.8
2011	61.3	58.8	79.2
2012	59.3	56.5	79.7
2013	61.4	58.8	80.8
2014	60.1	57.4	80.9
2015	62.3	59.8	81.0
2016	64.0	61.6	80.7
2017	57.7	54.7	79.5
2018	57.1	54.4	79.8

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

Table 8: Proportion Of Establishments And Employees In Establishments That Shared Information With Employees By Type Of Wage System, December 2018

Per Cent

	All Establishments		With at Least One Wage Recommendation		No Wage Recommendation	
	Establishments	Employees	Establishments	Employees	Establishments	Employees
All	57.1	73.7	58.4	75.9	50.8	57.5
By Establishment Size						
25-199 Employees	54.4	57.1	55.4	58.4	50.1	51.4
200 or More Employees	79.8	86.3	81.7	87.4	62.7	70.3

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

Table 9: Distribution By Frequency Of Information Sharing, December 2018

Establishments

Per Cent

	All Establishments	By Establishment Size	
		25-199 Employees	200 or More Employees
Total	57.1	54.4	79.8
Regularly	31.7	29.1	54.4
<i>Annually</i>	13.7	13.1	19.4
<i>Half-yearly</i>	5.2	4.6	10.8
<i>Quarterly</i>	8.8	7.5	19.5
<i>Monthly</i>	4.0	3.9	4.7
As and when necessary	25.3	25.3	25.1
Others	0.1	0.1	0.3

Employee Coverage

Per Cent

	All Establishments	By Establishment Size	
		25-199 Employees	200 or More Employees
Total	73.7	57.1	86.3
Regularly	48.9	31.5	62.1
<i>Annually</i>	16.6	13.5	18.9
<i>Half-yearly</i>	8.7	5.5	11.1
<i>Quarterly</i>	19.7	8.8	28.0
<i>Monthly</i>	3.9	3.7	4.0
As and when necessary	24.6	25.5	23.9
Others	0.2	0.1	0.3

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

Note: Figures may not sum up due to rounding.

Table 10: Proportion Of Employees In Establishments That Shared Information At Least Annually, 2008 – 2018 (December)

Per Cent

Year	All Industries	By Establishment Size	
		25-199 employees	200 or more employees
2008	45.7	32.7	55.8
2009	45.3	31.2	55.7
2010	46.2	31.9	56.7
2011	46.4	32.4	56.4
2012	45.7	31.1	55.8
2013	50.3	35.6	60.7
2014	49.7	33.7	60.9
2015	53.0	34.9	64.6
2016	53.3	36.0	64.5
2017	50.5	32.1	62.2
2018	48.9	31.5	62.1

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

Table 11: Proportion Of Establishments That Shared Information At Least Annually, 2008 – 2018 (December)

Per Cent

Year	All Industries	By Establishment Size	
		25-199 employees	200 or more employees
2008	32.7	30.7	47.3
2009	31.2	29.0	47.7
2010	30.9	28.8	46.1
2011	32.8	30.5	49.8
2012	31.8	29.3	50.3
2013	35.3	33.1	52.0
2014	34.1	31.5	53.3
2015	34.9	32.0	55.3
2016	36.8	34.2	54.5
2017	32.7	29.7	54.5
2018	31.7	29.1	54.4

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

Table 12: Quantum Of Built-in Wage Increase For RAF And Employees Earning Basic Monthly Wage Of \$1,300 And Below, 2018

	Outsourced Employees Earning Basic Monthly Salary of \$1,300 and Below			Employees Earning Basic Monthly Salary of \$1,300 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	77	80	7.0	92	87	7.8	5.5
By Profit Status							
Category A	s	s	s	100	95	8.5	6.5
Category B	78	80	7.2	90	82	7.4	5.4
Category C	64	71	6.6	78	87	7.7	5.1
Category D	s	s	s	100	92	8.3	5.9
By Industry							
Manufacturing	s	s	s	77	80	7.3	5.6
Construction	s	s	s	100	87	8.0	5.9
Services	75	78	6.9	92	89	7.9	5.4
<i>Wholesale & Retail Trade</i>	s	s	s	100	93	8.4	5.9
<i>Transportation & Storage</i>	s	s	s	94	88	8.8	4.5
<i>Accommodation & Food Services</i>	s	s	s	100	98	8.6	5.9
<i>Information & Communications</i>	s	s	s	s	s	s	s
<i>Financial & Insurance Services</i>	s	s	s	s	s	s	s
<i>Real Estate Services</i>	s	s	s	s	s	s	s
<i>Professional Services</i>	s	s	s	100	101	9.2	5.0
<i>Administrative & Support Services</i>	72	74	6.6	72	76	6.9	5.5
<i>Community, Social & Personal Services</i>	s	s	s	100	93	7.7	5.3

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

Notes: (1) Data for employees earning ≤ \$1,300 and RAF are based on establishments with employees earning basic monthly wage of \$1,300 and below and gave built-in wage increase to these employees in 2018.

(2) Data for outsourced employees earning ≤ \$1,300 are based on establishments with outsourced employees earning basic monthly wage of \$1,300 and below and gave built-in wage increase to these employees in 2018.

(3) s: Data suppressed due to small number covered.

(4) Category A to C pertain to profitable establishments, while Category D pertain to loss-making establishments.

SURVEY COVERAGE AND METHODOLOGY

SURVEY ON ANNUAL WAGE CHANGES, 2018

Introduction

The *Survey on Annual Wage Changes, 2018* was conducted by the Manpower Research and Statistics Department of the Ministry of Manpower under the Statistics Act (Chapter 317). The survey fieldwork was conducted from 18 December 2018 to 19 March 2019.

Objective

The survey was conducted to obtain information on the extent of wage changes and wage restructuring in 2018.

Coverage

The survey covered private sector establishments with at least 10 employees. Some 5,300 private establishments responded to the survey. These establishments employed 1,200,000 employees which included 584,100 local full-time employees on the Central Provident Fund (CPF) scheme with at least 1 year in service (comprising 261,900 rank-and-file employees, 241,600 junior and 80,600 senior management staff) and 428,000 foreign employees. Local full-time employees with less than a year of service, or on part-time formed the remaining 187,900. The survey response rate was 87%.

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

Methodology

The survey was conducted using online questionnaires. Respondents could submit their returns online, with clarifications made over the phone.

Reference Period

The reference period for the survey was from November 2017 to November 2018.

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 2018. The information collected pertains to full-time employees on the CPF scheme who had been with the establishment for at least one year as at 30 November 2018.

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

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

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

Since 2012, additional questions were asked to determine whether establishments gave a built-in wage increase to employees earning a monthly basic wage of up to \$1,000 and the quantum given. From 2015 onwards, similar questions were asked but the basic wage level was raised to \$1,100 and coverage was extended to include outsourced workers. The basic wage level was raised to \$1,200 in 2017 and \$1,300 in 2018.

Analysis

Findings on the extent of wage changes in private sector in 2018 is based on private establishments with at least 10 employees. Unless otherwise stated, all data on annual variable component are based on data collected in the reference year.

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

Classification

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

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)^	4.6%	0.05%-pt	1.2%	4.5%	4.7%
Total Wage Change (Excl employer CPF)^	4.6%	0.05%-pt	1.2%	4.5%	4.7%
Basic Wage Change^	4.0%	0.03%-pt	0.8%	3.9%	4.1%
Variable Component^ (Months of basic wage)	2.06	0.02	0.73%	2.03	2.09
Proportion of establishment with employees earning up to \$1,300 that gave/ intended to give basic wage increase to these employees* (%)	60.7%	1.5%-pt	2.5%	57.7%	63.8%

Notes:

- (1) ^ Wage growth pertains to wage increases granted by private sector establishments (with at least 10 employees) to full-time employees on CPF Scheme who were in continuous employment for at least a year.
- (2) * Quantum of basic wage increase is available. Data includes establishments that had given other forms of basic wage increase.

		Estimate	Standard Error	Relative Standard Error (%)	95% Confidence Interval	
					Lower	Upper
Proportion of employees in establishments that implemented at least one key wage recommendation		88.4%	0.3%-pt	0.4%	87.7%	89.1%
Proportion of employees in establishments that implemented the key wage recommendations	Variable Bonus linked to KPI	52.3%	0.4%-pt	0.7%	51.5%	53.0%
	Monthly Variable Component	31.7%	0.3%-pt	0.8%	31.2%	32.2%
	Narrowed Maximum-Minimum Salary Ratio	61.1%	0.4%-pt	0.7%	60.3%	61.9%

Concepts and Definitions

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

Annual Wage Supplement (AWS):	This refers to the annual payment usually made at year-end and is commonly known as the 13th month allowance.
Variable Bonus (VB):	This refers to the payment given in addition to the AWS. It includes incentive payments and 'ang pows', but excludes AWS. The variable bonus is usually linked to company and/or individual performance and may vary from year to year. It may be paid in a lump sum or divided into several payments over the year; in which case the several payments should be added together.
Annual Variable Component:	This usually consists of 2 components i.e. AWS, and VB. Generally, the annual variable component is linked to company's profitability.
One-off Special Payment:	<p>The National Wages Council (NWC) Guidelines 2018/2019 recommended establishments that achieved productivity improvements in 2017 to share the gains with their employees through a one-off special payment.</p> <p>In addition, the NWC encourages establishments that achieved productivity improvements in 2017 to provide an additional one-off special payment of \$300 to \$600, in a lump sum or over several payments, to employees earning a monthly basic wage of up to \$1,300.</p>
Monthly Variable Component (MVC):	This refers to the component of monthly basic wage that can be adjusted easily and quickly to meet changing business conditions. It should attract CPF, overtime pay, allowances, etc. The MVC can be built-up through wage increase or 'hived-off' from basic wage. Establishments can also implement a cut in basic wage by reducing MVC.
Maximum-Minimum Salary Ratio:	If an establishment does not have a pre-determined maximum-minimum salary structure, the maximum-minimum salary ratio can be computed based on the maximum and minimum salary that the establishment is prepared to pay their full-time employees in the job that has the largest number of employees.

Seniority-based wage system:	This refers to the practice of granting wage increase based on seniority/years in service rather than the value of the job.
Market Conditions:	This can refer to a country's economic performance, industry's and/or transnational organisation's performance (in the case of multi-national corporation).
Government Support Programmes:	One of the support packages in this programme is the Special Employment Credit (SEC). Under the SEC, the Government will provide a wage-offset to employers hiring Singaporean employees aged above 55 years old and earning up to \$4,000 monthly.
Employees earning \$1,300 and below:	This generally refers to employees who earned a monthly basic wage of \$1,300 or less on a full-time basis in 2018.

Formulae

- Basic Wage Change in 2018

$$= \frac{\text{End 2018 Basic Wage} - \text{End 2017 Basic Wage}}{\text{End 2017 Basic Wage}} \times 100\%$$

- Total Wage Change in 2018

$$= \frac{\text{2018 Total Wage} - \text{2017 Total Wage}}{\text{2017 Total Wage}} \times 100\%$$

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 2018

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

	Excellent	Good	Average	Poor
a) Relevance to your work	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b) Providing useful insights on prevailing labour market trends/development	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
c) Ease of understanding	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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

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

Too detailed Just right Too brief

4. Overall, how would you rate this report?

	Excellent	Good	Average	Poor
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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

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

Thank you for your valuable feedback

Name: _____ Designation : _____

Name and address of organisation: _____

Please return the above to :

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OTHER RELEASES



UPCOMING ...

Labour Market First Quarter 2019	13/06/2019
Singapore Yearbook of Manpower Statistics 2019	27/06/2019
Labour Market Advance Release Second Quarter 2019	26/07/2019

PAST ...

Report on Wage Practices 2018	29/05/2019
Labour Market Advance Release First Quarter 2019	26/04/2019
Job Vacancies 2018	19/03/2019
Labour Market 2018	14/03/2019
Retrenchment & Re-entry Into Employment 2018	14/03/2019
A More Flexible Singapore!	28/02/2019
Labour Force in Singapore 2018	31/01/2019
Conditions of Employment 2018	16/01/2019
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