

SURVEY COVERAGE AND METHODOLOGY

SURVEY ON ANNUAL WAGE CHANGES, 2019

Introduction

The *Survey on Annual Wage Changes, 2019* 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 2019 to 18 March 2020.

Objective

The survey was conducted to obtain information on the extent of wage changes and wage restructuring in 2019.

Coverage

The survey covered private sector establishments with at least 10 employees. Some 4,700 private establishments responded to the survey. These establishments employed 1,072,800 employees which included 529,000 local full-time employees on the Central Provident Fund (CPF) scheme with at least 1 year in service (comprising 240,800 rank-and-file employees, 209,100 junior and 79,200 senior management staff) and 363,900 foreign employees. Local full-time employees with less than a year of service, or on part-time formed the remaining 179,800. The survey response rate was 81%.

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 an online questionnaire. Respondents could submit their returns online, with clarifications made over the phone.

Reference Period

The reference period for the survey was from November 2018 to November 2019.

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 2019. 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 2019.

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

Analysis

Findings on the extent of wage changes in private sector in 2019 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)^	3.9%	0.07%-pt	1.7%	3.8%	4.0%
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Basic Wage Change^	3.8%	0.04%-pt	1.1%	3.8%	3.9%
Variable Component^ (Months of basic wage)	1.94	0.02	1.0%	1.90	1.98
Proportion of establishment with employees earning up to \$1,400 that gave/ intended to give basic wage increase to these employees* (%)	70.5%	1.4%-pt	2.0%	67.6%	73.3%

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		85.2%	0.4%-pt	0.5%	84.4%	86.0%
Proportion of employees in establishments that implemented the key wage recommendations	Variable Bonus linked to KPI	51.1%	0.4%-pt	0.8%	50.3%	52.0%
	Monthly Variable Component	29.5%	0.3%-pt	0.9%	29.0%	30.1%
	Narrowed Maximum-Minimum Salary Ratio	59.6%	0.5%-pt	0.8%	58.7%	60.6%

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.
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.
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 \$1,400 and below:	This generally refers to employees who earned a monthly basic wage of \$1,400 or less on a full-time basis in 2019.

Formulae

- Basic Wage Change in 2019

$$= \frac{\text{End 2019 Basic Wage} - \text{End 2018 Basic Wage}}{\text{End 2018 Basic Wage}} \times 100\%$$

- Total Wage Change in 2019

$$= \frac{\text{2019 Total Wage} - \text{2018 Total Wage}}{\text{2018 Total Wage}} \times 100\%$$

where

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