



P R E S S   R E L E A S E

30 January 2009

**EMPLOYMENT SITUATION IN FOURTH QUARTER 2008**

**Employment**

1      Employment growth slowed significantly in the fourth quarter of 2008, as the economic environment worsened. Preliminary estimates show that total employment grew by 26,900, which is only about half the gains of 55,700 in Q3 2008 and compared to 62,500 in Q4 2007. For the whole of 2008, total employment increased by 227,200, driven by strong gains earlier in the year. This is slightly lower than the increase of 234,900 in 2007.

2      The slowdown was felt across many industries, led by manufacturing where employment fell by 6,200 in the fourth quarter of 2008, its first contraction since the third quarter of 2003. For the whole of 2008, manufacturing employment grew by 20,300, which is less than half the increase of 49,300 in 2007. Services employment grew by 141,000 in 2008, slightly lower than 143,100 in 2007. Nevertheless, job gains slowed considerably in the fourth quarter (21,900) from a year ago (38,500), mainly weighed down by financial services, transport & storage and business services. With brisk building activities, construction workforce grew strongly by 64,100 in 2008, up from the gains of 40,400 in 2007; although growth also moderated in the fourth quarter with 10,800 workers added compared with quarterly gains of 14,500 to 22,400 in the preceding 3 quarters.

**Table 1.1: Employment**

(In Thousands)

	Employment Change							Employment Level as at Dec 08 <sup>P</sup>
	4Q 07	2007	1Q 08	2Q 08	3Q 08	4Q 08 <sup>P</sup>	2008 <sup>P</sup>	
Total*	62.5	234.9	73.2	71.4	55.7	26.9	227.2	2,958.0
Manufacturing	10.9	49.3	11.8	10.1	4.6	-6.2	20.3	587.1
Construction	12.7	40.4	14.5	22.4	16.5	10.8	64.1	360.0
Services	38.5	143.1	46.5	38.3	34.3	21.9	141.0	1,990.7

<sup>P</sup>: Preliminary estimates

\*: Total includes agriculture, fishing, quarrying, utilities and sewerage & waste management

Data may not add up due to rounding

3      Both locals and foreigners benefited from the job creation in 2008. Local employment grew by 70,400 in 2008. Although lower than the record increases in 2007

(90,400) and 2006 (90,900), the growth is still higher than the gains in 2005 (63,500) and 2004 (49,900), since the last economic slowdown in 2003.

4 Due to the strong demand for workers earlier in the year, foreign employment rose by 156,900 in 2008, up from 144,500 in 2007. As the economic downturn deepened, the employment growth slowed significantly for both locals and foreigners in the last quarter of the year. As at December 2008, there were 1,057,700 foreigners forming 36% of the 2.96 million persons employed in Singapore. The majority comprising 64% or 1.90 million of the workforce were locals.

**Table 1.2: Employment (Annual)**

(In Thousands)

	Employment Change							Employment Level as at Dec 08 <sup>P</sup>
	2002	2003	2004	2005	2006	2007	2008 <sup>P</sup>	
Total	-22.9	-12.9	71.4	113.3	176.0	234.9	227.2	2,958.0
Local	19.4	14.9	49.9	63.5	90.9	90.4	70.4	1,900.3
Foreign	-42.3	-27.9	21.5	49.8	85.1	144.5	156.9	1,057.7

<sup>P</sup>: Preliminary estimates

Locals also known as residents refer to Singapore citizens and permanent residents  
Data may not add up due to rounding

### **Retrenchment and Redundancy**

5 Preliminary estimates show that 7,000 workers were retrenched in the fourth quarter of 2008, up substantially from 2,346 in the previous quarter and 1,966 in the same quarter a year ago. The number of workers retrenched in manufacturing more than doubled from 1,709 in the previous quarter to 3,700. Driven by layoffs in financial services and wholesale trade, retrenchments in services increased by more than four fold to 3,200 from 562 in the earlier quarter.

**Table 2.1: Retrenchment (Quarterly)**

	4Q 07	1Q 08	2Q 08	3Q 08	4Q 08 <sup>P</sup>
Total*	1,966	2,274	1,798	2,346	7,000
Manufacturing	1,266	1,724	1,216	1,709	3,700
Construction	5	2	15	74	100
Services	695	543	567	562	3,200

<sup>P</sup>: Preliminary estimates

\*: Total includes agriculture, fishing, quarrying, utilities and sewerage & waste management.  
Data may not add up due to rounding

6 For the whole of 2008, 13,400 workers were retrenched, substantially higher than 7,675 in 2007. Manufacturing formed the bulk of retrenchments (62% or 8,300), followed by services (37% or 4,900).

**Table 2.2: Retrenchment (Annual)**

	2002	2003	2004	2005	2006	2007	2008 <sup>P</sup>
Total*	19,086	16,400	10,191	10,294	12,603	7,675	13,400
Manufacturing	9,141	7,230	4,483	6,809	8,810	5,265	8,300
Construction	850	627	373	209	393	20	200
Services	9,013	8,278	5,022	3,263	3,333	2,381	4,900

<sup>P</sup>: Preliminary estimates

\*: Total includes agriculture, fishing, quarrying, utilities and sewerage & waste management.

Data may not add up due to rounding

Prior to 2006, data pertain to private sector establishments each with at least 25 employees. From 2006 onwards, data also include the public sector.

7 Besides retrenchment, some 1,500 workers were released prematurely from their contracts in the fourth quarter of 2008. Consequently, total redundancies (i.e. workers retrenched or released prematurely from their contracts) rose significantly to 8,500, more than double the 3,178 in the preceding quarter. For the whole of 2008, 16,000 workers were made redundant, significantly higher than the 8,592 in 2007.

**Table 2.3: Total Redundancies**

	4Q 07	2007	1Q 08	2Q 08	3Q 08	4Q 08 <sup>P</sup>	2008 <sup>P</sup>
Total Redundancies	2,111	8,592	2,416	1,884	3,178	8,500	16,000
Early Release of Contract Workers	145	917	142	86	832	1,500	2,600
Retrenchment	1,966	7,675	2,274	1,798	2,346	7,000	13,400

<sup>P</sup>: Preliminary estimates

Data may not add up due to rounding

## Unemployment

8 With the economy weakening, the seasonally adjusted overall unemployment rate rose to 2.6% in December 2008 from 2.2% in September 2008 and the decade low of 1.7% a year ago. Among the resident labour force, the rate increased for the fourth consecutive quarter to 3.7% in December 2008 from 3.3% in September 2008 and 2.4% in December 2007. An estimated 69,700 residents were unemployed in December 2008. The seasonally adjusted figure was 73,100, up 12% from September 2008 and 58% from December 2007.

**Table 3.1: Unemployment Rate (Quarterly)**

	Dec 07	Mar 08	Jun 08	Sep 08	Dec 08 <sup>P</sup>
<u>Seasonally Adjusted</u>					
Overall (%)	1.7	2.0	2.2	2.2	2.6
Resident (%)	2.4	2.9	3.1	3.3	3.7
<u>Non-Seasonally Adjusted</u>					
Overall (%)	1.6	1.8	2.8	1.9	2.5
Resident (%)	2.3	2.6	4.0	2.8	3.5

<sup>P</sup>: Preliminary estimates

9 For the whole year of 2008, the unemployment rate averaged 2.3% (overall) and 3.2% (resident), up from 2.1% and 3.0% respectively in 2007. This is the first time that the annual average unemployment rate has increased since 2003, when it peaked at 4.0% (overall) and 5.2% (resident). On average, 62,900 residents were unemployed in 2008, compared with 56,700 in 2007.

**Table 3.2: Unemployment Rate (Annual)**

	2002	2003	2004	2005	2006	2007	2008 <sup>P</sup>
Overall (%)	3.6	4.0	3.4	3.1	2.7	2.1	2.3
Resident (%)	4.8	5.2	4.4	4.1	3.6	3.0	3.2

<sup>P</sup>: Preliminary estimates

Annual figures are the simple averages of the unemployment figures obtained at quarterly intervals.

### **For More Information**

10 Information on data sources and coverage, as well as definitions of key concepts used in the report is in the attached Explanatory Notes. The preliminary data estimates are available online at the Ministry of Manpower's website: <http://www.mom.gov.sg/mrsd/publication>. A more detailed breakdown of the preliminary estimates will be released in the *Economic Survey of Singapore, 2008*.

11 The above is a statistical release of the Manpower Research and Statistics Department of the Ministry.

### ***Upcoming Publications***

12 The Ministry's Manpower Research and Statistics Department will be releasing the report on the *Labour Market, 2008* on 16 March 2009.

## Employment

### Source

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

### Coverage

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

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

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

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

### Concepts and Definitions

**Employment change** refers to the difference in the employment level at the end of the reference period compared with the end of the preceding period.

### Uses and Limitations

This data series allows users to identify individual industries where employment is growing or stagnating. An analysis of the data over time also helps in understanding the impact of economic cyclical and structural changes on the demand for workers. Detailed data are published in the quarterly *Labour Market Report*.

The change in employment over time is the net result of increases and decreases in employment i.e. net of inflows and outflows of workers. Users should not mistake an increase in employment as gross job creation.

## Unemployment

### Source

Labour Force Survey

(Except data for June 2000 and June 2005 which were obtained respectively from the Population Census and General Household Survey conducted by Department of Statistics, Ministry of Trade and Industry as the Labour Force Survey was not conducted for these periods)

### Coverage

The survey covers private households on the main island of Singapore. It excludes workers living in construction worksites, dormitories and workers' quarters at the workplace and persons commuting from abroad to work in Singapore. To achieve full coverage of the labour force in Singapore, data on residents (also known as locals, i.e. Singapore citizens and permanent residents) from the survey are combined with foreign workforce data compiled from work passes issued by the Ministry of Manpower.

### Concepts and Definitions

**Unemployed Persons** refer to persons aged 15 years and over who were without work during the survey reference period but were available for work and were actively looking for a job. They include persons who were not working but were taking steps to start their own business or taking up a new job after the reference period.

**Unemployment Rate** is defined as the percentage of unemployed persons to the total number of economically active persons (i.e. employed and unemployed persons) aged 15 years and over.

### Uses and Limitations

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

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

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

## Retrenchment and Redundancy

### Source

Labour Market Survey

### Coverage

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

### Concepts and Definitions

**Retrenchment** refers to the termination of employment of a permanent employee due to redundancy. In the public sector, it includes those who left service under the Special Resignation Scheme (introduced in April 1988) that allows redundant non-deployable Civil Service or Statutory Board employees to leave their organisations with compensation.

**Early release of contract workers** refers to employees on term contracts which were terminated prematurely because of redundancy.

**Redundancies** refer to employees made redundant due to retrenchments or early release of contracts.

### Uses and Limitations

Data on retrenchment and redundancy are useful in the analysis of re-structuring or ailing industries. Detailed data are published in the quarterly *Labour Market Report*.

The number of persons retrenched or made redundant (flow) should not be confused with persons unemployed (stock). Not all persons retrenched or made redundant will be unemployed as some will be re-employed or decide to leave the workforce. Similarly, the pool of unemployed persons comes not only from workers made redundant, but also from new entrants to the labour force such as school leavers and the economically inactive who decide to re-join the workforce.