



P R E S S R E L E A S E

30 June 2011

**REPORT ON WAGES IN SINGAPORE, 2010 AND
SINGAPORE YEARBOOK OF MANPOWER STATISTICS, 2011**

1 The strong economy and the tightening labour market raised workers' wages in 2010. This was in contrast to the situation in 2009 when employees endured salary freezes and wage cuts to help companies reduce business costs and save jobs during the recession. There was also progress made for restructuring wages in 2010, with nearly nine in ten employees under some form of flexible wage system. The flexible wage system has enabled employers to adjust wages to save jobs during the recession as well as to reward and motivate employees during the upturn.

2 These are some of the findings of the "Report on Wages in Singapore, 2010" published by the Ministry of Manpower's Research and Statistics Department. The 286-page report presents information on wages covering more than 350 occupations, changes in wages and bonuses paid in various industries, as well as information on the extent to which employers have restructured their wage systems. The key findings are summarised in the Annex.

3 The department has also published the "Singapore Yearbook of Manpower Statistics, 2011", which provides a wide range of statistics on the labour market situation. These include key data on the labour force, job vacancies, wages, redundancies, labour turnover, hours worked, conditions of employment, labour relations, workplace injuries, higher education and skills training.

4 The information provided in the two publications can help job seekers, employers and employees make better informed decisions on career and human resource matters. It also enables analysts to gain a better understanding of the Singapore labour market.

5 The two annual statistical publications are available for download at the Ministry of Manpower's website.

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Annex

Key Findings of Report on Wages in Singapore, 2010

Wage Change

- The strong economy and the tightening labour market raised workers' wages in 2010. Total wages (comprising basic wages and bonuses) in the private sector grew by 5.5%, after contracting by 0.4% in 2009. The wage gain was comparable to pre-recession period in 2007 (5.9%), although it remained lower than that experienced during the economic expansion in 2000 (6.6%).
- The increase in total wages in 2010 resulted from a basic wage gain of 3.9% and an increase of 9.0% in bonus (also known as annual variable component) payout from 1.99 months in 2009 to 2.17 months in 2010. Overall, the annual variable component formed 15.3% of total wages in 2010, up from 14.2% in 2009 but still lower than the 16.1% in 2008 and 16.4% in 2007.
- Taking into account inflation, real total wages rose by 2.7% in 2010, after declining by 1.0% in 2009. Similarly, real basic wages increased by 1.1%, higher than the 0.7% growth in 2009. Driven by the robust economic growth, labour productivity increased significantly by 11% in 2010, after two years of decline (2009: -3.4%, 2008: -7.5%).
- Annualised over the three years from 2007 to 2010, both labour productivity and real total wages declined by 0.4% p.a. and 0.3% p.a. respectively, weighed down by the weak performance in productivity and real wages in 2008 and 2009. However, over the longer period of eight years since the recovery from the previous downturn, productivity grew by 2.1% p.a. while real total wages rose by 1.6% p.a.

Wage Restructuring

- As at December 2010, nearly nine in every ten or 89% of employees in the private sector was under some form of flexible wage system¹, up from 85% in 2009. Large establishments with at least 200 employees continued to lead in the implementation, with 94% of their workers having at least one key wage recommendation in their wage system, up from 90% in 2009. Similarly, the proportion of workers in small and medium enterprises (SMEs) with some form of

¹ Establishments are considered to have some form of flexible wage system when their wage structure incorporates at least one of the following key wage recommendations :

- implement variable bonus linked to Key Performance Indicators (KPI);
- introduce the Monthly Variable Component (MVC) in wage structure; and
- narrow the maximum-minimum salary ratio for the majority of their employees to an average of 1.5 or less.

wage flexibility increased from 79% in 2009 to 82% in 2010, though this remained below the proportion in larger establishments.

- Having a narrow maximum-minimum salary ratio (involving 64% of workforce) remained the most common recommendation adopted by the private sector. This was followed by linking variable bonus to KPI (57%) and having MVC (35%) in the wage structure. The share of employees in establishments that had narrowed/were narrowing the wage ratio (64%) improved over the year from 59% and the coverage of workforce with variable bonus linked to KPI (57%) also rose from 54%, while the share working in establishments with MVC (35%) was the same as in 2009.

Occupational Wages

- Reflecting the premium on skills and responsibilities, managers continued to command the highest median gross monthly wage at \$6,300 in June 2010. Professionals came in second at \$4,300. The third highest paid were the associate professionals & technicians who drew a median pay of \$2,987. Clerical support workers (\$2,001) and service & sales workers (\$1,788) earned around \$2,000. Among blue-collar occupations, craftsmen & related trades workers (\$2,250) and plant & machine operators (\$1,896) were paid more than cleaners, labourers & related workers (\$960) for their skills and craftsmanship.
- Wages were commonly observed to rise with age, especially for occupations at the higher end. The pace of wage increase with age was more pronounced with managers and professionals. The link between age and earnings was less obvious for blue collar and lower-skilled workers. Their wages generally rose more gradually and peaked early in their thirties. Advancing age typically works against workers in manual occupations, given the physical nature of the jobs.