

## EMPLOYMENT SITUATION IN FOURTH QUARTER 2005

### Employment

1 More people have secured employment, bolstered by the favourable economic conditions. Preliminary estimates show that employment grew by a strong 110,800 in 2005, exceeding the previous year's gains of 71,400. This brings the total number of persons employed to a new high of 2,317,400 as at December 2005.

2 The growth was achieved on the back of robust quarterly gains, peaking at 32,800 in the fourth quarter of 2005. All major sectors registered employment growth. The services-producing industries added 24,100 workers in the quarter, supported by seasonal hirings for the year-end festivities. This brings the employment gains in services for the whole of 2005 to 71,800, or about two-thirds of the total employment gains for the year.

3 Manufacturing employment rose by 6,500 in the last quarter of 2005, bringing the total gains in the sector to 29,500 in the year. Even the construction sector ended the year with 8,500 more workers than at the start. This marked a turnaround from the employment losses it had generally experienced since 1998.

**Table 1: Employment**

(In Thousands)

	Employment Change (Compared to preceding period)							Employment Level as at Dec 05 <sup>P</sup>
	Annual		Quarter					
	2004	2005 <sup>P</sup>	4Q 04	1Q 05	2Q 05	3Q 05	4Q 05 <sup>P</sup>	
Total	71.4	110.8	32.7	17.8	31.7	28.5	32.8	2 317.4
Manufacturing	27.2	29.5	6.3	5.5	9.3	8.1	6.5	476.7
Construction	-9.1	8.5	-1.1	1.5	3.4	2.2	1.5	234.8
Services	54.7	71.8	28.1	10.8	18.4	18.5	24.1	1 593.0
Others*	-1.4	1.0	-0.6	-	0.6	-0.2	0.7	12.9

<sup>P</sup>: Preliminary estimates

\*: Includes agriculture, fishing, quarrying and utilities.

Data may not add up to the total due to rounding.

## **Retrenchment**

4 Preliminary findings from a survey of private sector establishments with at least 25 employees show that 3,100 workers were retrenched in the fourth quarter of 2005. This brings the total retrenchment for the whole of 2005 to 10,200, comparable to that in 2004, but a marked decline from 16,400 in 2003.

5 The manufacturing sector made up two-thirds of the workers laid off in 2005. Another 31% was contributed by services and 3% by construction.

**Table 2: Retrenchment**

	Annual		Quarter				
	2004	2005 <sup>P</sup>	4Q 04	1Q 05	2Q 05	3Q 05	4Q 05 <sup>P</sup>
Total	10 191	10 200	3 207	2 168	2 116	2 810	3 100
Manufacturing	4 446	6 700	1 380	1 255	1 250	1 834	2 400
Construction	390	300	63	50	72	29	100
Services	5 095	3 200	1 728	863	792	947	600
Others*	260	-	36	-	2	-	-

<sup>P</sup>: Preliminary estimates

-: negligible

\*: Includes agriculture, fishing, quarrying and utilities.

Data on retrenchment pertain to private sector establishments each with at least 25 employees.

## **Unemployment**

6 With the robust employment creation, unemployment has fallen. The year ended with a seasonally adjusted overall unemployment rate of 2.5% in December 2005, which is significantly lower than 3.0% in the same period a year ago, and 3.3% in September 2005. Among the resident<sup>1</sup> labour force, the rate was 3.3%, also down from 4.0% in December 2004 and 4.4% in September 2005. This is the lowest rate recorded in over 4 years.

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<sup>1</sup> Comprises Singaporeans and Singapore Permanent Residents

**Table 3: Unemployment Rate**

	Dec 04	Mar 05	Jun 05 <sup>P</sup>	Sep 05	Dec 05 <sup>P</sup>
<u>Seasonally Adjusted</u>					
Overall (%)	3.0	3.3	3.4	3.3	2.5
Resident (%)	4.0	4.4	4.5	4.4	3.3
<u>Non-Seasonally Adjusted</u>					
Overall (%)	3.2	2.8	4.3	2.9	2.6
Resident (%)	4.2	3.7	5.6	3.8	3.4

<sup>P</sup>: Preliminary estimates

7 On a non-seasonally adjusted basis, the overall unemployment rate was 2.6% in December 2005. Despite the entry of students seeking vacation jobs and school leavers into the labour market, the rate has dropped from 2.9% in September 2005. Among the resident labour force, the non-adjusted unemployment rate was 3.4%. An estimated 64,200 residents were unemployed in December 2005. The seasonally adjusted figure was 60,700.

#### **For More Information**

8 For information on data sources and coverage, as well as definitions of key concepts used in the report, please refer to the attached Explanatory Notes. The preliminary data estimates are available on the Ministry of Manpower's website at <http://www.mom.gov.sg/mrsd/publication>. A more detailed breakdown of the preliminary estimates will be released in the *Economic Survey of Singapore, 2005*.

### Employment

#### Source

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

#### Coverage

The employment data comprises 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 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 employee is any Singaporean or Permanent Resident of Singapore 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 the stock 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, upon application by their employers.

The number of self-employed persons is estimated from the Labour Force Survey. The self-employed comprises persons aged 15 years and over who performed some work for profit or family gain, in cash or in kind.

#### 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 for Jun 2005 data which were obtained from the General Household Survey conducted by Department of Statistics as the Labour Force Survey was not conducted for the period.)

### Coverage

The survey covers private households on the main island of Singapore. It excludes workers living in construction work sites, 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 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

### Source

Labour Market Survey

### Coverage

The survey covers private sector establishments each with at least 25 employees.

### Concepts and Definitions

**Retrenchment** refers to the termination of employment of a permanent employee due to redundancy.

### Uses and Limitations

Data on retrenchment 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 (flow) should not be confused with persons unemployed (stock). Not all persons retrenched 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 retrenchments, but also from new entrants to the labour force such as school leavers and the economically inactive who decide to re-join the workforce.