TECHNICAL NOTE

Employment Change, Unemployment and Retrenchment

In Singapore, there are three headline indicators for a timely measure of the state of the labour market. In this technical note, we summarise what they are and how they have trended over time.

What are they?

(1) Employment Change

Employment change shows the aggregate increase or decrease in the number of workers. A positive employment change means an increase in employment, while a negative change means a decline in employment.

Total employment change can be broken down by residential status and by industry. Thus, examining employment change is useful in understanding the underlying shifts in demand for workers.

(2) Unemployment Rate

The unemployment rate is probably the best-known labour market measure. It measures the extent to which persons who want to find work are able to do so.

Persons who are not working are not necessarily unemployed. A person is unemployed if he or she is:

- not working;
- actively seeking work; and
- available for work

As it takes time for job matches to happen, there is always some unemployment due to people changing jobs and from new entrants looking for work for the first time. Within the unemployed pool, there is a group who have been searching for a job for an extended period and they are termed as long-term unemployed.

(3) Retrenchment

Retrenchment refer to termination of employees due to redundancy. It can occur when there is a lack of sufficient work or when businesses restructure to stay competitive.

Retrenchment should not be confused with unemployment. Not all retrenched persons will be unemployed as some will re-enter employment or decide to leave the labour force. For those who have not found a new job and are actively seeking and available for work, they join the pool of the unemployed.

How are the data obtained?

Employment change is derived by taking the difference in the employment level at the end of the reference period compared with the end of the preceding period. The number of persons employed are obtained from administrative records and labour force surveys.

The unemployment rate is the percentage of unemployed persons to the labour force, which comprises the employed and unemployed persons. The long-term unemployment rate is the percentage of persons unemployed for 25 weeks or more to the labour force. Data on unemployment are compiled from the Labour Force Survey.

Data on retrenchment are from the Labour Market Survey, which cover private establishments each with at least 25 employees and the public sector.

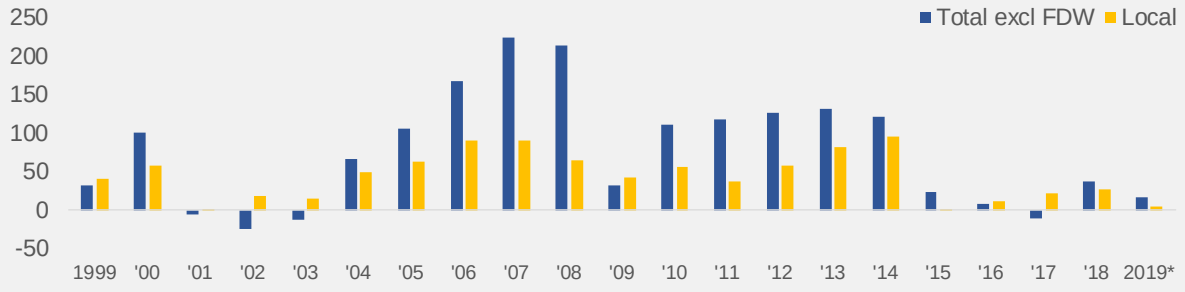
What has been the trend?

Local employment growth tracks total employment growth closely

Over the last two decades, total and local employment grew in tandem. In fact, local employment grew in every year of the last two decades, even in years when total employment shrank as businesses cut foreign workers. In the first half of 2019, local employment growth has also tracked total employment growth.

While the local share of employment growth may vary year to year due to sudden surges in demand which cannot be met entirely by locals (for e.g. in construction), locals has formed the bulk of employment increases over the longer term. In both the recent decade as well as the preceding decade, locals made up about six in every ten workers added. Excluding Construction workers, locals formed seven in ten of the workers added in the recent decade, up from about six in ten in the preceding decade.

Employment Change ('000)



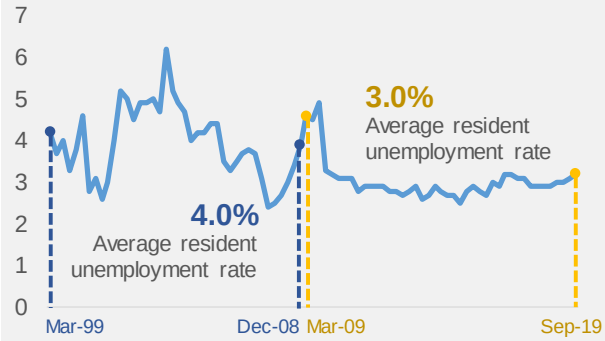
Note: Figure for 2019 is for first half of the year.

Unemployment remained low

The continued increase in employment has kept unemployment low. Resident unemployment rate averaged a low of 3.0% in the recent decade compared to 4.0% in the earlier decade. While the rate has edged up in the first three quarters of 2019, it remained below the decade's peak in September 2009. Resident long-term unemployment rate also stayed low.

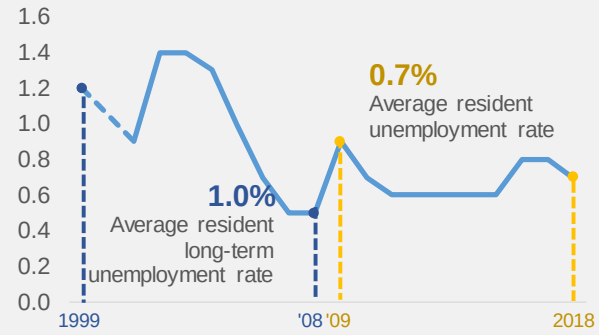
Resident Unemployment Rate (%)

Seasonally Adjusted



Resident Long-Term Unemployment Rate (%)

Annual Average

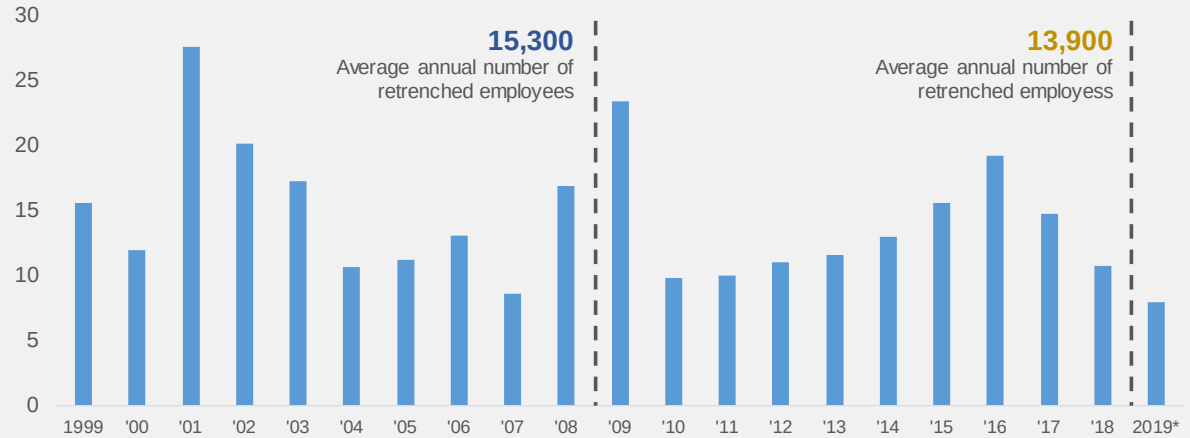


Note: Average long-term unemployment rate for 2000 is not available as June data on duration of unemployment were not available from the Population Census 2000 conducted by the Department of Statistics, Ministry of Trade and Industry.

Overall retrenchments did not increase

Retrenchments commonly take place as part of business restructuring and re-organisation, and it was only during recessionary years when the number of retrenchments spiked. Over the longer term, the number of retrenchments has not increased.

Number of Retrenched Employees ('000)



Note: Figure for 2019 is for first three quarters of the year.

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LABOUR MARKET REPORT THIRD QUARTER 2019

ISSN 0219-2527

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