Retrenchment Benefits 2015



Manpower Research and Statistics Department
Singapore

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To provide timely and reliable

national statistical information on the labour market

to facilitate informed decision-making within the government and community-at-large

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RETRENCHMENT BENEFITS 2015

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Notations:

n.a. : Not applicable/ not available

List of Abbreviations:

MOM : Ministry of Manpower

Retrenchment Benefits 2015

1 Overview

1.1 Amid softer economic conditions and ongoing business restructuring, 15,580 workers were laid off in 2015 compared to 12,930 in 2014. In line with shorter employment tenures, the eligibility service period for retrenchment benefits was shortened from 3 years to 2 years and took effect on 1 April 2015. Against this backdrop, this report looks at establishments' provision of retrenchment benefits to employees *eligible* for retrenchment benefits.

1.2 Data are obtained from the Retrenchment Benefits Survey which covered all retrenching private sector establishments each with at least 25 employees in 2015, and a sample of retrenching establishments which employed 10 to 24 employees. The survey yielded a response rate of 92.1%.

1.3 Further details on survey coverage and methodology are in the Annex.

2 Main Findings

Provision of retrenchment benefits

9 in 10 establishments continued to pay retrenchment benefits to eligible employees, although the proportion has declined slightly

2.1 91% of the retrenching establishments in 2015 paid retrenchment benefits to *eligible* local employees. The proportion declined slightly from 94% in 2012 and was similar to the 2008 level (Chart 1). For employees who served less than 2 years and hence not eligible for retrenchment benefits, 2 in 3 (67%) establishments paid retrenchment benefits to them.

2.2 The decline in the proportion which paid retrenchment benefits to *eligible* employees was due to non-unionised establishments, which formed 88% of the retrenching establishments. Among the remaining 12% retrenching establishments which were unionised, all of them paid retrenchment benefits in 2015.

2.3 Large establishments with at least 200 employees (97%) were more likely to provide retrenchment benefits compared to the smaller establishments. The proportion of establishments with 10 to 24 employees which paid retrenchment benefits was comparable to those with 25 to 199 employees (both 88%).

Chart 1: Proportion (%) of establishments which paid retrenchment benefits to *eligible* retrenched locals

By Union Status



	2004	2006	2008	2012	2015
Overall	95.7	95.7	91.0	94.3	90.6
Unionised	100.0	100.0	100.0	98.8	100.0
Non-unionised	93.9	93.5	88.5	93.2	89.3

By Establishment Size



	2004	2006	2008	2012	2015
Overall	95.7	95.7	91.0	94.3	90.6
≥200 employees	99.3	100.0	96.0	95.5	97.5
25-199 employees	94.4	93.6	89.3	93.7	87.9
10-24 employees	n.a.	n.a.	n.a.	n.a.	88.3

Source: Retrenchment Benefits Survey, Manpower Research & Statistics Department, MOM

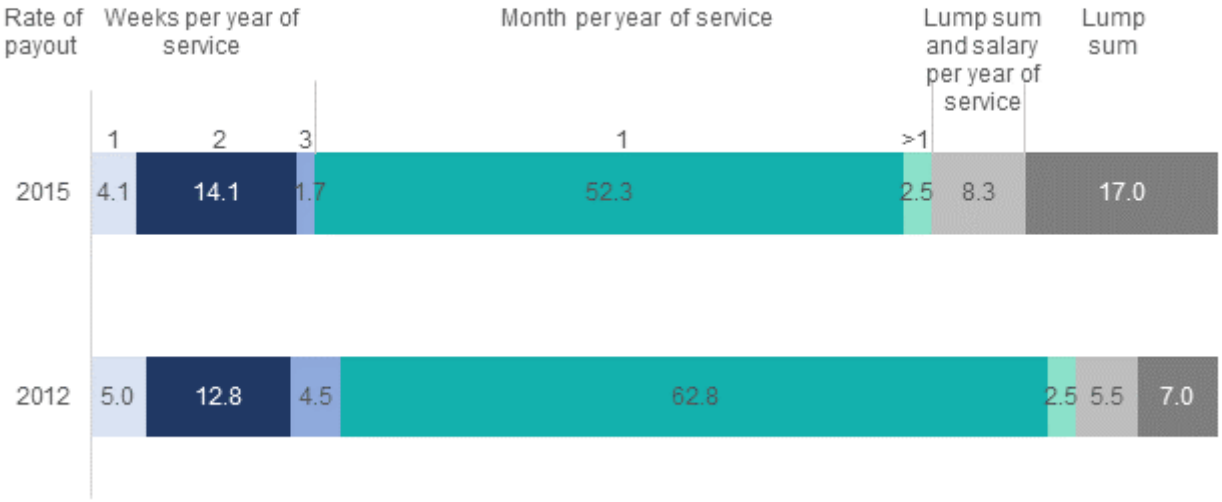
Rate of retrenchment benefit payout

Majority of establishments continued to pay 1 month of salary per year of service, although more were giving out lump sum payments

2.4 83% of the retrenching establishments in 2015 paid retrenchment benefits by years of service (Chart 2).[1] The proportion has declined from 93% in 2012. Majority continued to pay 1 month per year of service.

2.5 In 2015, 17% of the establishments gave out retrenchment benefits in lump sum[2], a noticeable increase from 7% in 2012. The lump sum quantum was typically 1 to 2 months of salary.

Chart 2: Proportion (%) of establishments which paid retrenchment benefits by their retrenchment payout rate



Source: Retrenchment Benefits Survey, Manpower Research & Statistics Department, MOM

2.6 Large establishments (95%) were more likely to give out retrenchment benefits by years of service compared to smaller establishments with 25 to 199 employees (86%) and 10 to 24 employees (62%) (Chart 3).

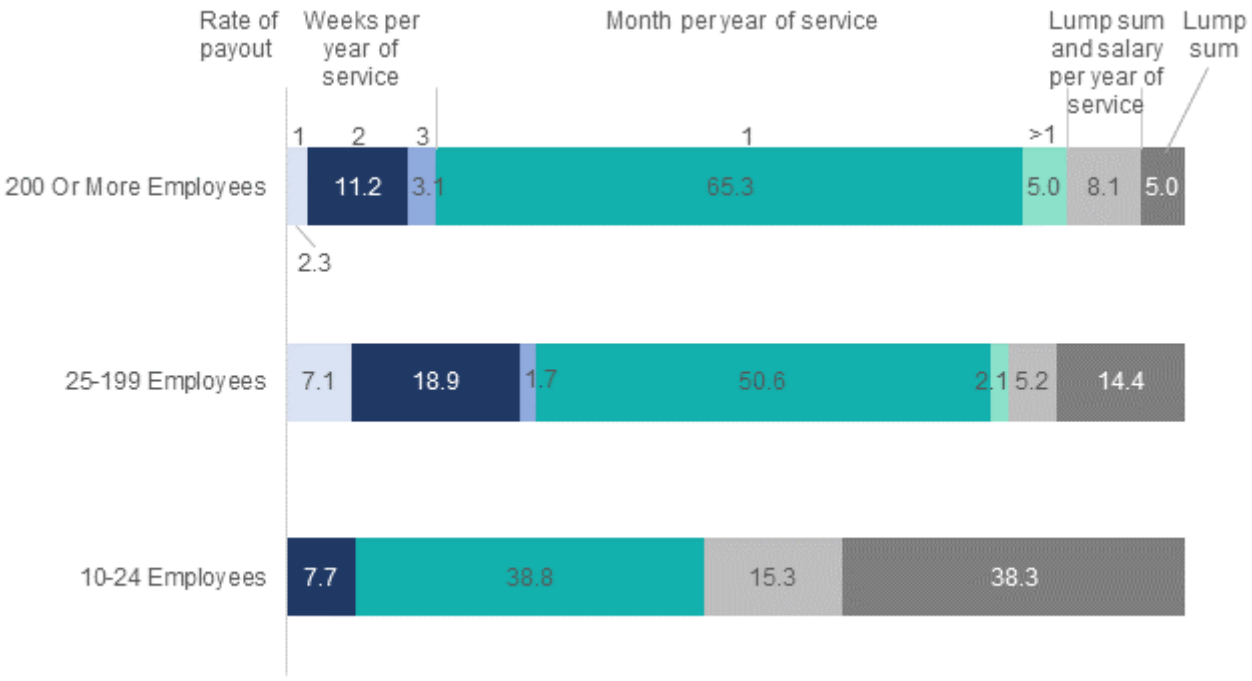
2.7 Similar to large establishments, the large majority of unionised establishments (95%) gave out retrenchment benefits by years of service. The proportion which did so was higher than non-unionised establishments (81%).

2.8 Across establishments of different sizes and union status, the rate of payout based on years of service was commonly 1 month of salary.

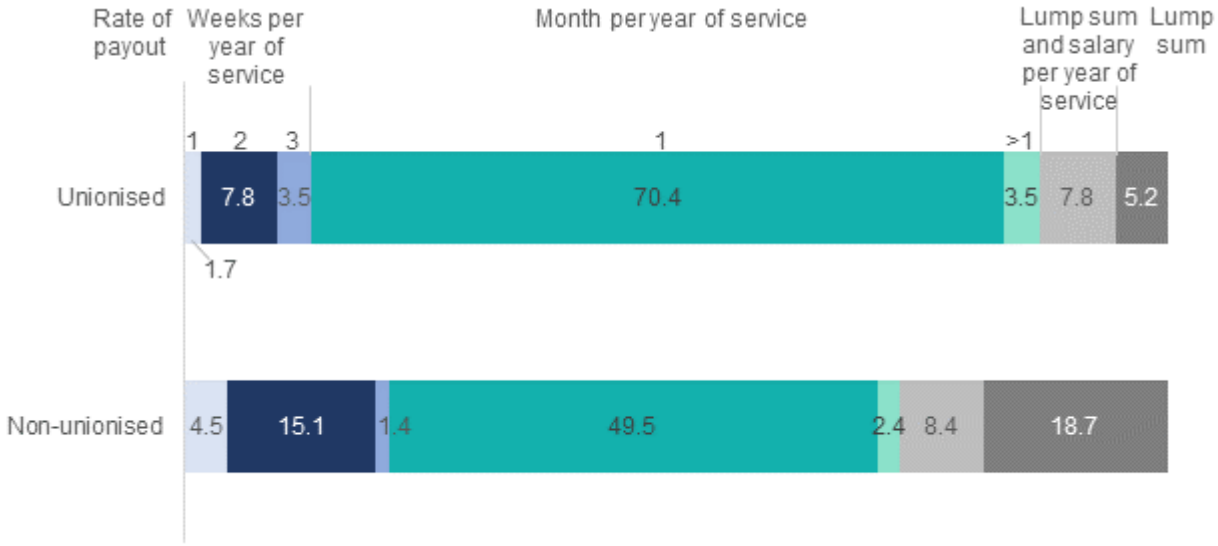
[1] This is inclusive of establishments which paid retrenchment benefits in a combination of lump sum payment and salary per year of service.
[2] This refers to payout in fixed quantum, regardless of the number of years of service.

Chart 3: Proportion (%) of establishments which paid retrenchment benefits by their retrenchment payout rate, 2015

By Establishment Size



By Union Status



Source: Retrenchment Benefits Survey, Manpower Research & Statistics Department, MOM

Annex

Survey Methodology and Coverage

Introduction

The Retrenchment Benefits Survey, 2015 was conducted by the Manpower Research and Statistics Department of the Ministry of Manpower under the Statistics Act (Chapter 317). It was conducted from 27 June to 12 August 2016.

Coverage

The survey covered all retrenching private sector establishments each with at least 25 employees in 2015, and a sample of establishments which employed 10 to 24 employees. The survey yielded a response rate of 92.1%.

The results were weighted to reflect the population of private sector establishments each with at least 10 employees by using expansion factors based on sampling fraction.

Reference Period

The reference period for the survey was from 1 January to 31 December 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 (%-points)	Relative Standard Error (%)	95% Confidence Interval (%)	
					Lower	Upper
Proportion of Establishments Which Paid Retrenchment Benefits to *Eligible* Retrenched Local Workers						
Overall		90.6	2.0	2.2	86.6	94.5
By Establishment Size	10-24 Employees	88.3	8.0	9.1	72.3	100.0
By Union Status	Unionised	100.0	0.0	0.0	100.0	100.0
	Non-unionised	89.3	2.2	2.5	84.9	93.8

Note: Data pertain to private sector establishments each with at least 10 employees, which retrenched *eligible* local workers.

Comparability

Before 2015, data pertain to private sector establishments each with at least 25 employees. From 2015 onwards, data also include private sector establishments each with at least 10 to 24 employees.

Concepts and definitions

Establishment

This refers to a unit within an enterprise (defined as an incorporated/registered entity such as company, business, association, society etc.) engaged in one activity and operating in a single location.

Retrenchment benefits

This excludes salary-in-lieu of retrenchment notice, bonus and salary that are owed to the employees at the point of retrenchment. Salary-in-lieu is additional salary paid for not giving employees advance retrenchment notice.

Retrenchment

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

Union status

An establishment is considered unionised if at least some of its employees are represented by an employee union with the rights to negotiate with the management on employment conditions and other employee-related issues.

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	Excellent	Good	Average	Poor
a) Relevance to your work	☐	☐	☐	☐
b) Providing useful insights on prevailing labour market trends/development	☐	☐	☐	☐
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☐ Too detailed ☐ Just right ☐ Too brief

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