TECHNICAL NOTE

Short Work-Week & Temporary Layoff

WHAT IS IT?

Short work-week is a temporary work arrangement where an establishment reduces its employees' work, either in terms of the number of hours each day or the number of working days per week. This is usually due to poor business.

Employees are in such a work arrangement involuntarily due to a lack of sufficient work. They should not be confused with employees who request to be on regular compressed work-week or part-time work arrangements.

An employee is *temporarily laid off* when he/she is asked to stop coming to work for a short period due to lack of work.

Both retrenchments and temporary layoff involve a total suspension of work due to the firm's lower labour demand, but with distinct differences.

In the case of retrenchments, workers are permanently terminated and cease to be employees of the firm. This could be a result of several reasons beyond poor business. Beyond recessionary periods, retrenchments are typically due to re-organisation/restructuring, or as a consequence of high cost.

On the other hand, temporary layoff is an interim measure to cut labour cost because of a lack of sufficient work, on the premise that employees are able to resume work when business picks up again.

The number of employees placed on short work-week or temporary layoff is usually read as an indication of economic slowdown. These temporary arrangements are viewed as better alternatives to retrenchments, as they do not completely take away employee benefits, and serve as an indication of the company's commitment to its employees. During this period, workers can also take the opportunity to undergo training to upgrade their skills and improve employability. Ultimately, firms introduce these arrangements with an understanding that the current economic uncertainty will turn around, allowing employees to return fully to work.

HOW ARE DATA COMPILED?

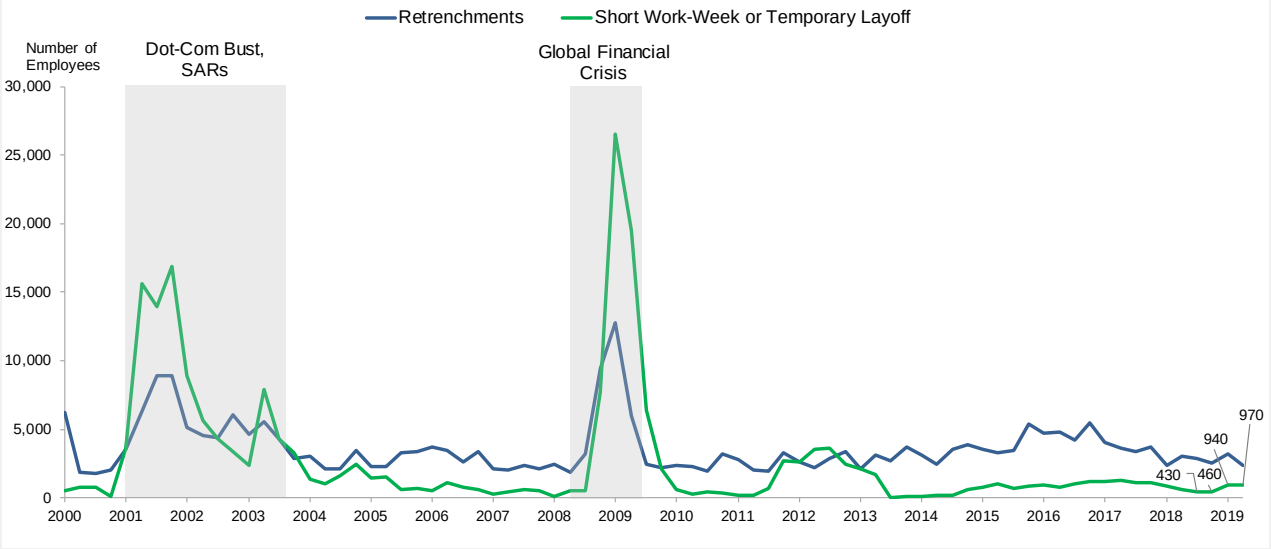
The quarterly Labour Market Survey on establishments captures the number of employees who were placed on short work-week or temporary layoff at any time during the reference period. Employees are counted only once, even if they were placed on such work arrangements multiple times during the quarter, so as to avoid double counting. The survey is administered to a representative sample of private and public sector establishments.

TRENDS IN SHORT WORK-WEEK OR TEMPORARY LAYOFF

We previously discussed that short work-week and temporary layoff are preferred alternatives to retrenchments. Indeed, in Singapore, these arrangements are used more frequently as a lever to manage excess manpower during recessions, more so than retrenchments. The number of employees placed on short work-week or temporary layoff is usually much lower than the number of retrenchments. However, in recessionary periods, the number of employees placed on short work week or temporary layoff can spike, and significantly exceed the number of retrenchments. For example, at the peak of the 2008-2009 global financial crisis, the number of employees placed on these temporary work arrangements was twice the number of retrenchments.

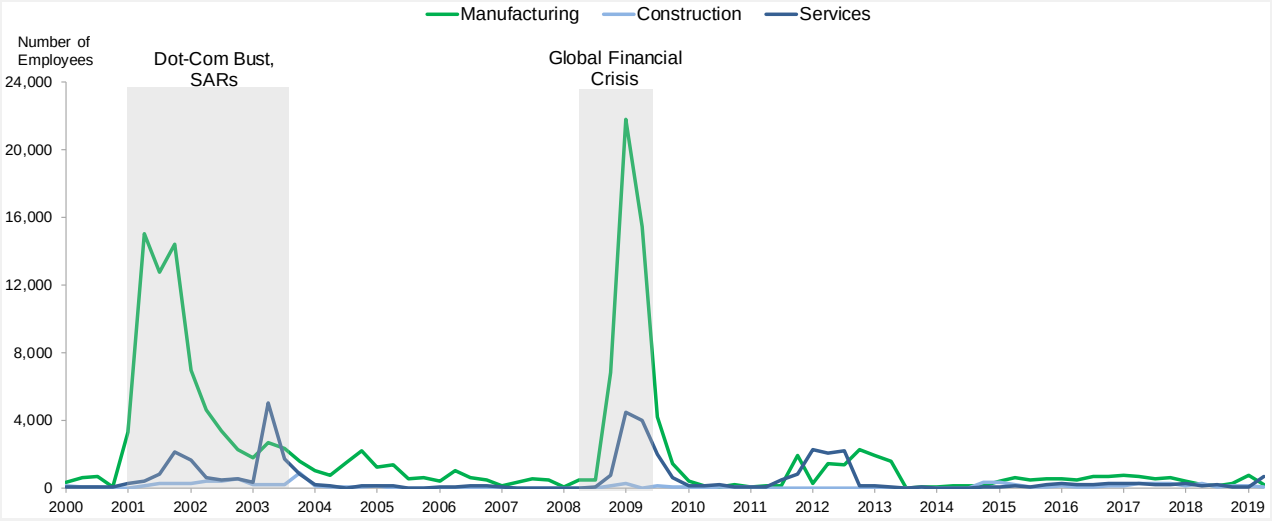
In the recent three quarters, the number of employees placed on short work-week or temporary layoff has trended up. This points to firms' growing caution amid uncertain economic conditions, though levels were still much lower than during recessionary periods.

Number Of Retrenchments And Employees On Short Work-Week Or Temporary Layoff (Quarterly)



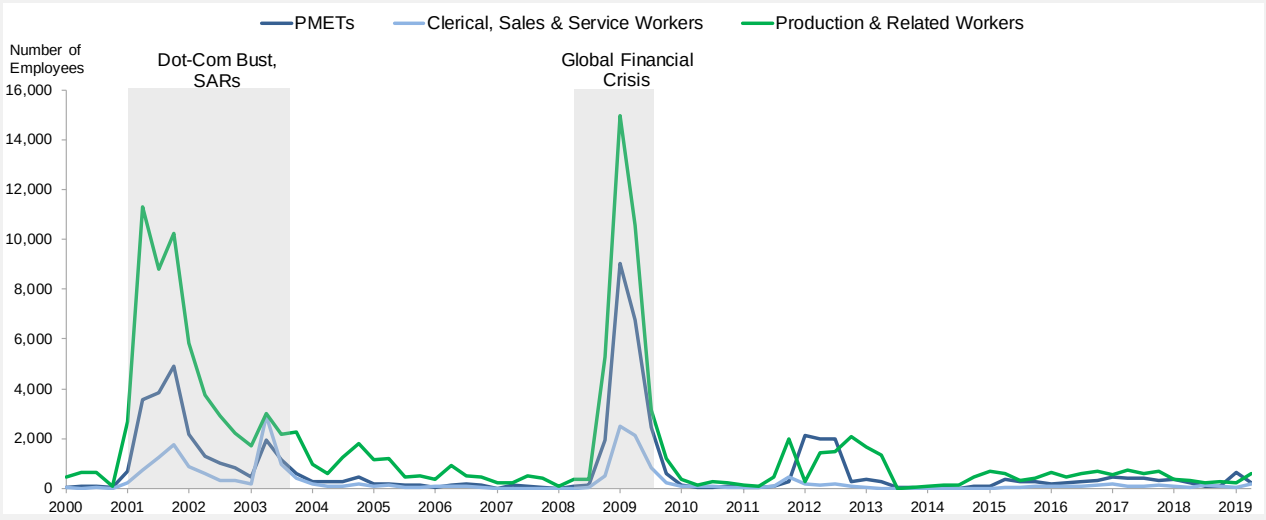
By industry, majority of those who were placed on short work-week or temporary layoff during downturn periods came from manufacturing, as global economic fluctuations adversely affected production lines.

Number Of Employees On Short Work-Week Or Temporary Layoff By Industry (Quarterly)



Similarly, by occupational groups, production & related workers tend to be more adversely affected during downturn periods. They formed the bulk of all placed on short work-week or temporary layoff and mirrored the trends by industry.

Number Of Employees On Short Work-Week Or Temporary Layoff By Occupational Group (Quarterly)



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LABOUR MARKET REPORT SECOND QUARTER 2019

ISSN 0219-2527

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