



# EMPLOYMENT STANDARDS REPORT 2021

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# Introduction

1. This report highlights the state of Employment Standards in Singapore in 2021.
2. The overall incidence<sup>1</sup> of employment claims and appeals lodged with the Ministry of Manpower (MOM) and the Tripartite Alliance for Dispute Management (TADM) fell significantly from 2.59 in 2020 to 1.73 per 1,000 employees in 2021. The decrease is observed for both local and foreign employees, in tandem with Singapore's economic recovery from the COVID-19 pandemic.
3. There were 5,882 employment claims and appeals lodged with MOM and TADM in 2021. 3,784 (or 64%) were lodged by local employees while the remaining 2,098 (or 36%) were lodged by foreign employees. Most of the claims and appeals consisted of salary claims (4,848) and dismissal claims (922).<sup>2</sup>



<sup>1</sup> Total employment level (excluding migrant domestic workers) was used to compute the incidence rate. The figures as at December 2021 are available on MOM's website: <https://stats.mom.gov.sg/Pages/Employment-Summary-Table.aspx>

<sup>2</sup> The remaining were (i) dismissal appeals lodged under the Retirement and Re-employment Act and the Industrial Relations Act; and (ii) cases where TADM offered voluntary mediation for issues which were not covered under employment legislations, such as payment disputes between self-employed persons and their service buyers.

# Salary Claims

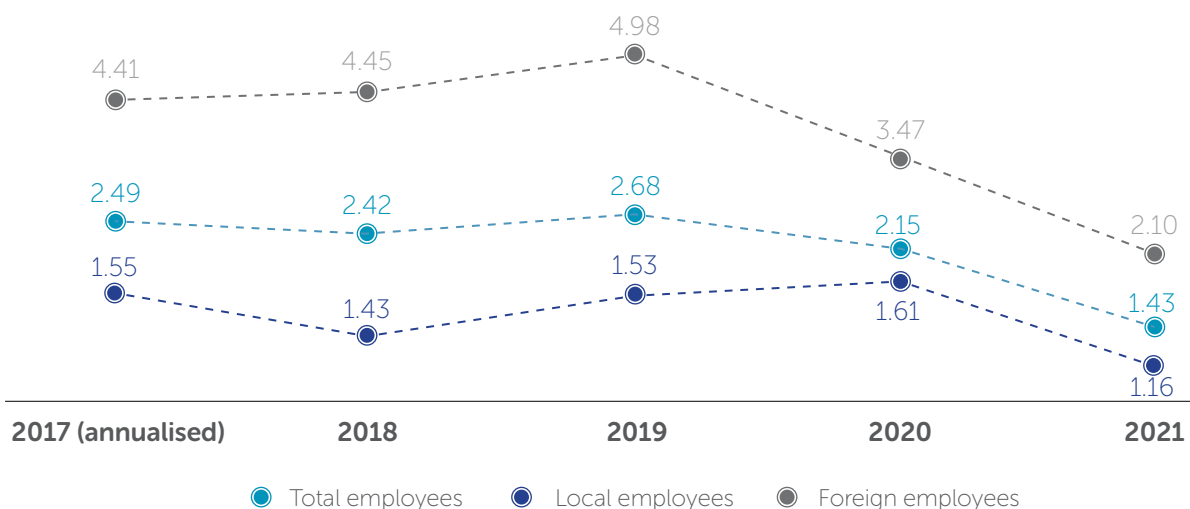
## Incidence of salary claims fell

4. The overall incidence of salary claims fell to 1.43 per 1,000 employees in 2021 (2020: 2.15 per 1,000 employees).

- Among local employees, the incidence of salary claims fell to 1.16 per 1,000 local employees in 2021 (2020: 1.61 per 1,000 local employees). This was partly driven by a drop in salary claims lodged by local employees in the Services sector such as Accommodation & Food Service Activities and Wholesale & Retail Trade which saw significant improvements in economic growth in 2021.<sup>3</sup>
- Among foreign employees, the incidence of salary claims continued to decline – 2.10 per 1,000 foreign employees in 2021 compared to 3.47 in 2020. This was driven by a sharp decline in salary claims lodged by foreign employees in the Construction sector, which was due in part to MOM's proactive interventions to tackle non-payment of salaries upstream over the last 2 years.
- The median duration of salary arrears for claims lodged in 2021 fell slightly for both local and foreign employees. The median duration of salary arrears claimed by local employees was 1 month, and 2 months for foreign employees.



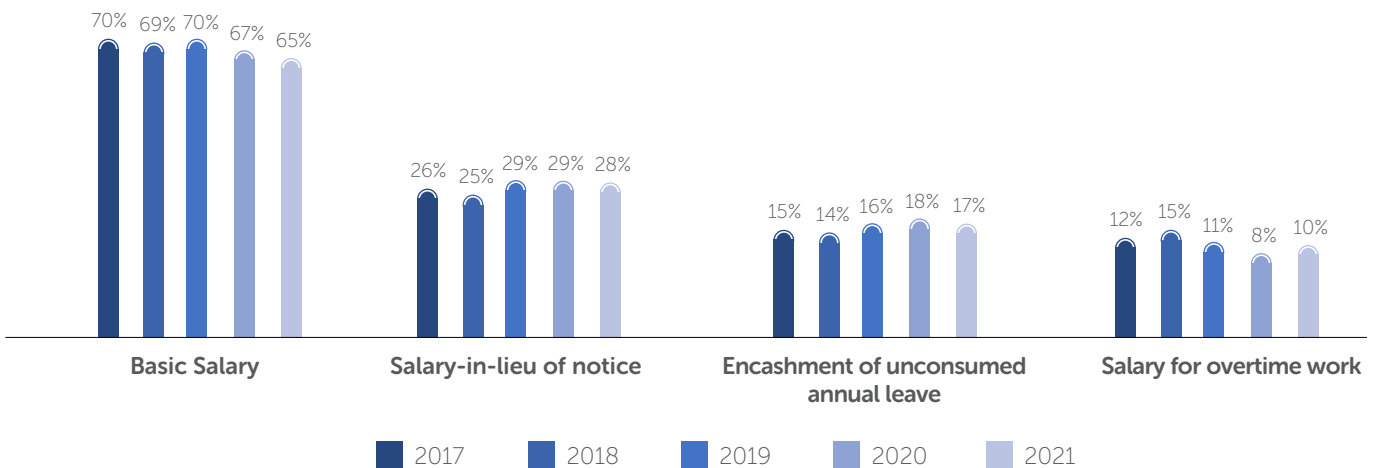
**Chart 1: Incidence of salary claims per 1,000 employees, 2017 - 2021**



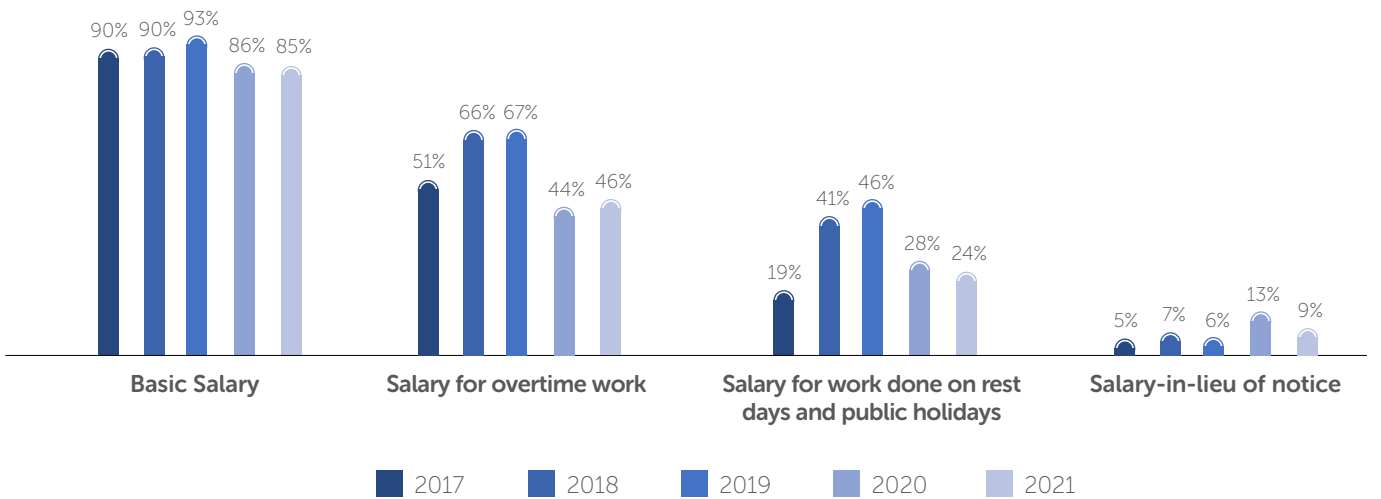
<sup>3</sup> Based on the Economic Survey of Singapore 2021 (Ministry of Trade and Industry Singapore), the GDP growth for Accommodation, Food & Beverages, Wholesale Trade and Retail Trade industry were 1.7%, 3.0%, 3.9% and 10.2% respectively in 2021 (as compared to -28.7%, -25.1%, -2.4% and -16.0% in 2020).

5. The top 4 claim items lodged by local and foreign employees are shown in [Chart 2](#) and [Chart 3](#) respectively. Collectively, they accounted for 92% of total salary claims lodged in 2021. The top 4 claim items for both local and foreign employees have remained consistent over the years. Nonetheless, the absolute number of claims lodged for these claim items has dropped in 2021, in line with the economic recovery.

**Chart 2: Proportion of salary claims lodged by local employees, 2017 - 2021**



**Chart 3: Proportion of salary claims lodged by foreign employees, 2017 - 2021**



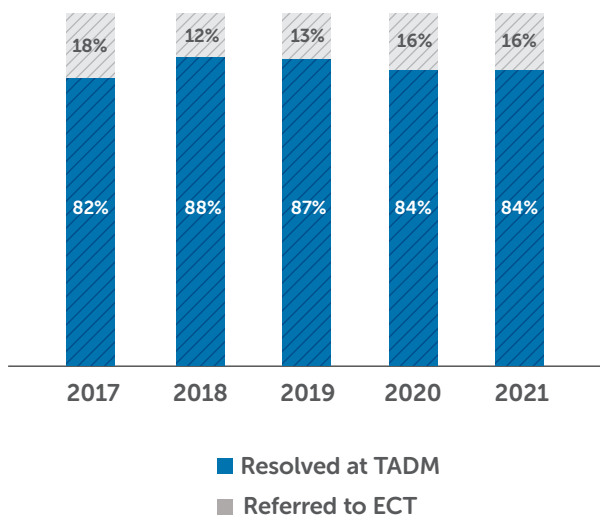
Note: An employee may lodge a salary claim containing multiple claim items (e.g. basic salary and salary-in-lieu of notice). The claim items listed are not exhaustive.

## More than 9 in 10 claims were concluded expeditiously within 2 months at TADM

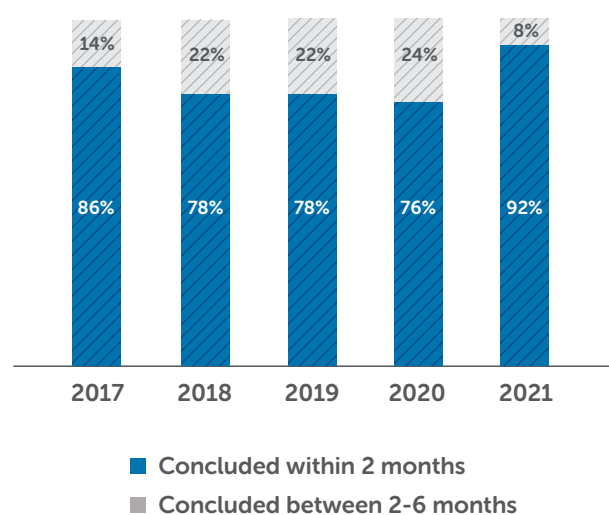


6. 84% of salary claims were resolved at TADM, with the remaining 16% referred to the Employment Claims Tribunals (ECT) for adjudication. This is similar to the proportion in 2020.
7. The proportion of salary claims that were concluded at TADM within 2 months improved significantly to 92% in 2021, from 76% in 2020, largely due to a drop in the number of claims lodged at TADM in 2021.

**Chart 4: Percentage of salary claims resolved at TADM, 2017 - 2021**



**Chart 5: Duration to conclude salary claims at TADM, 2017 - 2021**



## More than 9 in 10 employees fully recovered their salaries at TADM and ECT



8. Of the salary claims lodged in 2021, 95% of the employees fully recovered<sup>4</sup> their salaries at TADM and ECT, higher than 92% in 2020. 3% recovered their salaries partially through other means such as by settlement payments from security bond insurers<sup>5</sup> or main contractors, or through financial assistance from the Short-Term Relief Fund (STRF) or Migrant Workers' Assistance Fund (MWAF), administered by our partners, National Trades Union Congress (NTUC) U Care Centre and the Migrant Workers' Centre respectively. The remaining 2% did not recover any salaries and were mainly higher income earners who did not qualify for financial relief through the STRF or MWAF.
9. MOM suspended the work pass privileges of all employers who did not fully repay their employees. Less than 1% of the salary claims lodged in 2021 involved wilful employers who refused to make full payment for the salary arrears despite having the means to do so. MOM investigates such employers with a view of prosecuting them.
10. The total recovered sum to employees dropped to \$8.6 million in 2021, from \$15 million in the previous year. This is consistent with the reduction in the number of salary claims lodged in 2021, due in part to MOM's and TADM's proactive interventions to resolve salary disputes upstream. TADM has intervened early through engaging employers who declared salary arrears to MOM as well as employers whose foreign employees notified MOM of salary arrears through the FWMOMCare App, to ensure salaries are paid to some 24,000 foreign employees in 2021 without them having to lodge formal salary claims.

<sup>4</sup> Based on the amount agreed between parties involved in the dispute or the amount ordered by ECT.

<sup>5</sup> Employers are required to purchase a security bond for each non-Malaysian Work Permit Holder that they employ. The bond may be forfeited under various circumstances, such as when the employer fails to pay his or her worker's salary on time. In the event of a salary claim, the security bond insurers may offer to provide the worker with a settlement payment in lieu of having the security bond forfeited.



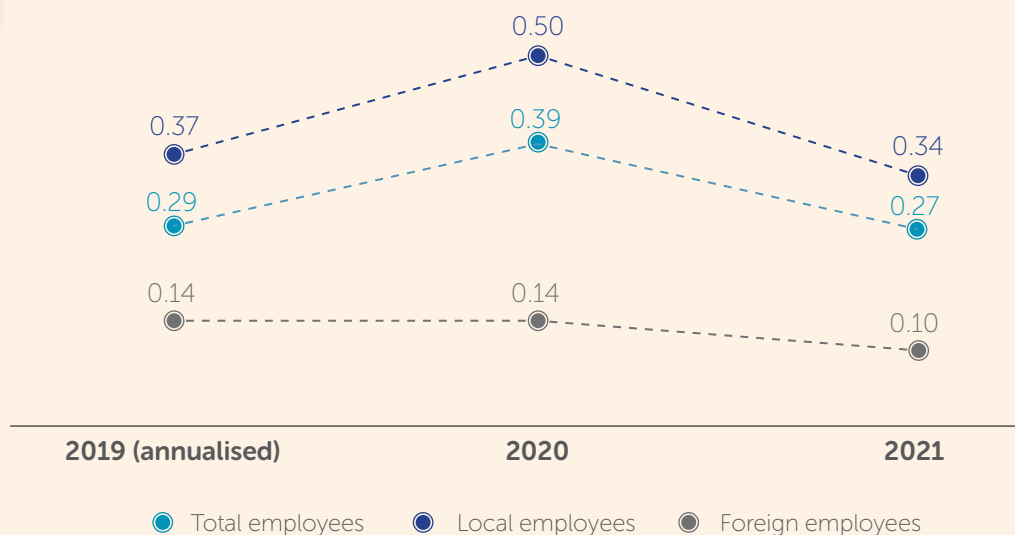
# Wrongful Dismissal Claims

## Incidence of wrongful dismissal claims fell



11. The overall incidence of wrongful dismissal claims dropped to 0.27 claims per 1,000 employees in 2021 (2020: 0.39 claims per 1,000 employees). The incidence was higher for local employees (0.34 claims per 1,000 local employees), as compared to foreign employees (0.10 claims per 1,000 foreign employees).

**Chart 6: Incidence of dismissal claims per 1,000 employees, 2019 - 2021**



## About 1 in 4 dismissal claims lodged at TADM were assessed to be substantiated



### 12. Of the wrongful dismissal claims assessed by TADM:

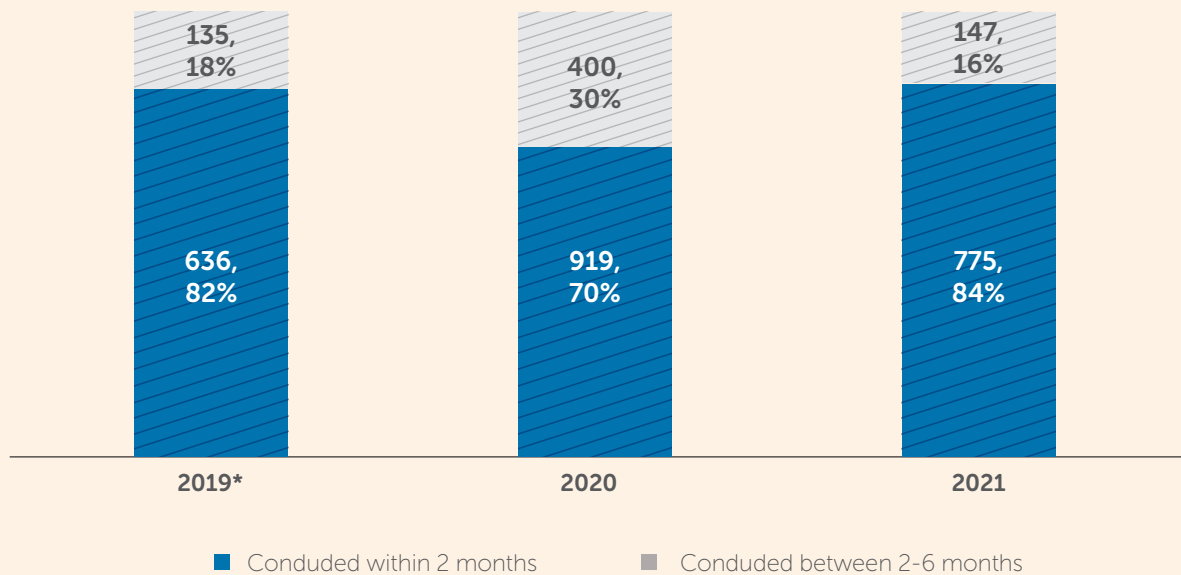
- About a quarter (or 26%) of wrongful dismissal claims lodged in 2021 were assessed to be substantiated. TADM would require the employer to address the claim such as by compensating the employee, clearing up any miscommunications and/or facilitating the employee's job search. 62% of these claims were resolved at TADM, with the remaining 38% referred to ECT for adjudication.
- The remaining 74% comprised claims that were assessed to be unsubstantiated. Such claims often involved disputes over work performance or had arisen due to miscommunication between the employer and employee. The employers had fulfilled their contractual or statutory obligations of employment termination with notice. 62% of these claims were resolved at TADM, with the remaining 38% referred to ECT for adjudication.

### 13. To provide clarity to members of the public on what constitutes wrongful dismissal, the tripartite partners – MOM, NTUC and Singapore National Employers Federation (SNEF) – had earlier released the *Tripartite Guidelines on Wrongful Dismissal* ("Guidelines"). The Guidelines sets out possible reasons for wrongful dismissal and provides relevant illustrations. Employees and employers are encouraged to refer to the Guidelines to gain a better understanding of their employment rights and obligations. They may also approach MOM or TADM if they require further assistance.

## Most wrongful dismissal claims were concluded at TADM within 2 months

14. The proportion of wrongful dismissal claims concluded at TADM within 2 months improved significantly from 70% in 2020 to 84% in 2021, which is similar to the pre-COVID levels. This improvement could be partly attributed to the easing of COVID-19 restrictions which allowed parties to meet and resolve their differences in-person with the mediators' assistance. In 2020, some of the disputes were protracted as parties were unable to resolve their disputes remotely, and/or were unable to access important documents in their offices.
15. The total payment by employers to employees amounted to about \$1.5 million.

**Chart 7: Duration to conclude dismissal claims at TADM, 2019 - 2021**



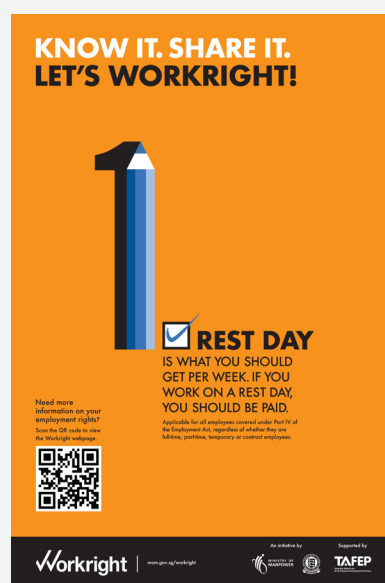
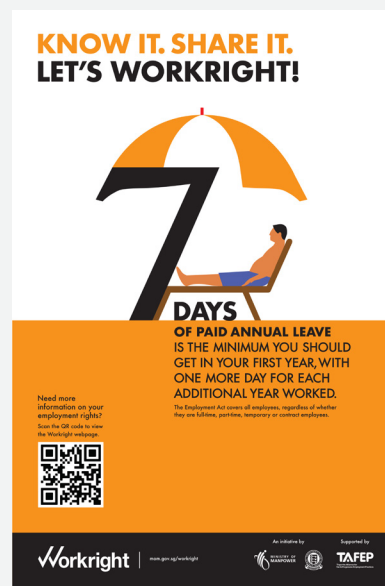
*\*Data is for the period from April to December 2019, in line with the shift of adjudication of wrongful dismissal claims under the Employment Act and Child Development Co-Savings Act from MOM to ECT on 1 April 2019.*

# Leveraging digital tools to support effective and expeditious dispute resolution

16. The **Online Dispute Resolution (ODR)** is a platform for parties involved in an employment dispute to resolve their issues at their own convenience, using digital services. TADM piloted the ODR process in February 2020 and has made several enhancements since then to improve customer experience and allow parties involved in a dispute to settle their claims more expeditiously. In March 2021, the interim ODR portal was launched, and 430 claims were processed via the portal. 32% of these claims were resolved amongst parties themselves without TADM's intervention. Another 56% were concluded virtually at the e-mediation stage.
17. Leveraging the early successes of the ODR portal, TADM is enhancing its ODR portal to effect the legislative amendment in April 2022 to allow Settlement Agreements to be signed remotely, thereby removing any need for parties to meet in-person. TADM is also enhancing its ODR capabilities with artificial intelligence to nudge and guide parties based on common scenarios so that they can come to a fair settlement. Without going through the mediation process, this would reduce the time taken for case resolution.
18. To help customers obtain quick clarifications on their employment disputes, TADM **launched the "Ask TADM" chatbot** prototype in March 2021 which allows users to self-diagnose their eligibility for claims and options for recourse online. Employees can also interact with the chatbot and receive advice based on frequently asked questions, without the need to visit TADM for advisory sessions. Between March and December 2021, more than 3,200 customers interacted with the chatbot and about 7 in 10 customers who rated the chatbot provided positive ratings. To enhance the chatbot's accuracy in addressing customers' queries, TADM constantly refines the chatbot's responses based on customers' feedback. TADM plans to expand the scope of employment topics covered by the current chatbot prototype and work towards a fully integrated chatbot with claims filing and computation capabilities by 2023.
19. LifeSG aims to simplify user access to Government digital services, with mobile and web application platforms that consolidate services and information across Government services. In March 2022, TADM collaborated with LifeSG to **launch a service bundle titled "Resolving employment disputes"**. The service bundle enables users to easily seek for information and assistance as they navigate through relevant TADM e-services and resources on the Employment Act (EA) and Tripartite Guidelines.

# Enhancing employment protection through education and enforcement

20. The Workright initiative is a national initiative that seeks to raise awareness of and compliance with the EA. Due to restrictions implemented during COVID-19 in 2021, MOM's **Workright campaign leveraged more extensively on digital platforms and social media to educate the public on their basic employment rights** such as working hour limits and timely payment of salary. Examples of the publicity efforts include advertorials and educational videos posted on social media platforms, and bite-sized content placed at hawker centres and coffee shops. During the Workright campaign period from June 2021 to February 2022, an average of more than 22,000 unique individuals visited the Workright webpage per month, which was about 2.9 times more than the pre-campaign period.





21. In October 2021, MOM collaborated with the Accounting and Corporate Regulatory Authority (ACRA) to **launch an e-learning module on “Complying with Employment Laws”** as part of ACRA’s Directors’ Training Programme, to educate all new directors on their obligations under the EA. MOM also **rolled out the Workright School Series** in 2022, targeted at graduating students in Institutes of Higher Learning before they enter the workforce. The talks and events were customised depending on the focus areas of the various institutes, to increase graduates’ awareness of their entitlements under the EA. As of May 2022, close to 650 graduating students from ITE College East and ITE College Central have attended the curated talks as part of their Lifeskills curriculum.
22. On the enforcement front, MOM stepped up our enforcement checks to ensure compliance with the EA, with a focus on sectors comprising vulnerable segments of the workforce.
- The Progressive Wage Model (PWM) benefits workers by mapping out a clear career pathway for their wages to rise along with training and improvements in productivity and standards. Between March and December 2021, MOM **leveraged data analytics to identify companies which are at risk of non-compliance with PWM wages and proactively audited some companies in collaboration with the sector leads** (i.e. Police Licensing & Regulatory Department, National Environment Agency and National Parks Board). Around 90 companies were found with PWM non-compliances and were referred to the respective sector leads. Regulatory actions such as issuance of advisory or warning, as well as imposition of financial penalties or composition fines can be taken against non-compliant companies.
  - In conjunction with efforts to improve productivity and reduce manpower reliance in the security sector, the overtime exemption for the sector has been removed since January 2021. To ensure that security agencies continued to comply with working hour limits under the EA, MOM **inspected more than 90% of all private security agencies** between April and August 2021. Most agencies inspected were compliant with the EA but about one-third were found with EA breaches. Enforcement actions were taken against security agencies found with serious offences for deploying their security officers beyond the permissible working hour limits while those with minor offences were directed to attend EA clinics. Security agencies should refer to the recommendations in the *Tripartite Advisory on Ensuring Sustainability of Security Sector in View of COVID-19* to better optimise manpower and deploy security officers.

# Moving forward from COVID-19



23. As the COVID-19 situation stabilises and our economy gradually recovers, it is timely to review some of the temporary measures that were implemented to deal with the economic repercussions of the pandemic. For example, in the first half of 2020 when COVID-19 cases were climbing and countries around the world were trying to contain the spread, the Government imposed movement restrictions including the Circuit Breaker. Such measures were necessary to safeguard public health, but they also resulted in some businesses having to cut back or cease operations. Correspondingly, some employees had to take a salary cut or lost their jobs. Since 12 March 2020, employers have been required to notify MOM if they implement cost-saving measures that affect employees' monthly salaries so that agencies can monitor the situation and provide timely assistance. The requirement applies to employers with 10 or more employees and is intended to be a temporary measure. It has been two years since the measure has been put in place and the number of employers submitting new cost-saving notifications has decreased significantly to a monthly average of 8 in 1Q 2022, from the peak of 1,713 employers at the start of the Circuit Breaker in April 2020.
24. In May 2020, MOM also issued an *Advisory on Retrenchment Benefit Payable to Retrenched Employees as a Result of Business Difficulties due to COVID-19* ("Advisory") that provided employers more flexibility on retrenchment benefit payments (e.g. providing a lump sum payment to retrenched employees instead of norms stated in the *Tripartite Advisory on Managing Excess Manpower and Responsible Retrenchment*) in view of the difficult economic conditions. The number of cases of employees seeking assistance on retrenchment benefit has since declined to a monthly average of 8 cases in 1Q 2022 compared to its peak in August 2020 with 198 cases.
25. Given the sustained fall in number of notifications and assistance sought on retrenchment benefit, MOM will **cease the cost-saving notification requirement and remove the Advisory with effect from 1 August 2022**. The National Wages Council has also urged employers not to rely on cost-saving measures as a stop-gap solution to their business challenges and to take a longer-term view of their manpower needs. Employers who wish to implement measures to manage their excess manpower should continue to refer to the *Tripartite Advisory on Managing Excess Manpower and Responsible Retrenchment*.

# Conclusion



26. COVID-19 has put tremendous strain on our nation. However, even in the most difficult of times, vast majority of the employers have continued to uphold employment standards and treated their employees responsibly. Employees, on the other hand, made sacrifices to support their employers to ensure business survival. As our economy recovers from the impact of COVID-19, MOM will continue to work closely with our tripartite partners to foster more inclusive and progressive workplaces, ensuring resilience in the face of challenges on the horizon so as to achieve win-win-win outcomes for employees, employers and the economy as a whole.





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