

Salary slip survey 2018

Issuing payslips to employees is still far from universal, two years after this became mandatory

Section I: Introduction

On 1 April 2016, it became mandatory for employers to issue itemised pay slips to employees. We conducted a survey in May and June that year to establish a baseline, just as the law was coming into effect. We found that about one in three Indian and Bangladeshi Work Permit holders were not getting itemised pay slips.

The 2016 report can be found on TWC2's website: <http://twc2.org.sg/2016/08/16/one-in-three-foreign-workers-still-not-getting-itemised-payslips/>

We also found that even when they were getting pay slips, there could also be insufficient detail on them. The law requires that various components of a worker's salary should be itemised, such as the basic monthly salary, the number of hours worked, the overtime pay thus earned, allowances and deductions. The 2016 study indicated that there was a substantial degree of non-compliance with the requirement to provide details.

Two years on, we decided to do a similar study with the same questions. We wanted to see if issuing pay slips had become universal practice, as intended by law.

Regrettably, our results showed that the situation was not much different from that prevailing in the middle of 2016.

We believe that the lack of enforcement is a major factor why many employers continue to ignore the law.

Section II: Method

TWC2 research volunteers fanned out to various parts of Little India on the second and third Sunday of August 2018, interviewing 357 Work Permit holders. Since the law required that salaries should be paid by the seventh day after a salary period, and with the nearly universal practice in Singapore of

using the calendar month as the salary period, by choosing the second and third Sunday of August, we would be interviewing workers who should have received their salaries for July 2018.

When posing questions, our volunteers referred specifically to the payslip they should have received for their July salaries. This was to avoid the potentially messy replies that could result if we were non-specific about which payslip we were asking about.

We excluded anyone who did not have a Work Permit. Thus, our sample was of foreign workers in the Work Permit category but, as a consequence of our choice of Little India to do the survey, they were all from South Asia and mostly in construction (78% of 357 respondents). The 2016 survey was also conducted among South Asian migrant workers.

We used the same questions as used in the 2016 survey so that we could compare the results. However, there was a new question 9 – described below in the section on findings.

Section III: Gender and nationality

As in 2016, all respondents in the 2018 survey were male. 280 men (78%) worked in construction. The second most common sector had much fewer: marine/shipyard, with 12 men (3.4%). A handful said they worked in landscaping, cleaning/conservancy, process, manufacturing and services.

Nationality

Country	2016		2018	
	No. of respondents	%	No. of respondents	%
India	229	39.2	167	46.8
Bangladesh	352	60.3	188	52.7
Sri Lanka	0	0.0	1	0.3
Unclear	3	0.5	1	0.3
Total	584	100.0	357	100.0

By nationality, they were a nearly equal mix of Indians and Bangladeshis. In the 2016 survey, we interviewed 3 Bangladeshis for every 2 Indians. We do not think this makes much difference to the findings since both nationalities are found in similar work sectors.

Section IV: Findings

1. Have you been paid your salary for the previous month?

	2016		2018	
	No. of respondents	%	No. of respondents	%
Yes	554	94.7	315	88.2
No	30	5.1	35	9.8
Partially paid	0	0.0	7	2.0
No answer	1	0.2	0	0.0
TOTAL	585	100.0	357	100.0

Just as we found in 2016, a small number of respondents had not yet received the previous month's salary by survey date. They made up about 5 – 10% of the worker sample.

Since we conducted our survey after the seventh day of the month, all their employers would technically be in breach of the Employment Act, as explained in Section II.

Only those who had received their salaries for the previous month (July 2018) would continue in the survey.

2. Did you get to keep your pay slip?

	2016		2018	
	No. of respondents	%	No. of respondents	%
Yes	370	66.8	244	77.5
No	184	33.2	71	22.5
Total	554	100.0	315	100.0

We took particular care to train our volunteers to ask this question in a specific way. The emphasis was on “give you to keep”. From TWC2's casework, we've seen that while employers generate salary calculations and demand signatures from employees to acknowledge receipt of salaries, they may still not provide copies to employees. Failure to do the latter is a violation of the Employment Act.

This question thus asked respondents whether they were **given** a copy of the pay slip – carefully distinguished from whether they had seen a salary calculation sheet.

Two years after it became mandatory to issue pay slips to employees, about a fifth or a quarter of Work Permit holders we surveyed still did not get one.

There appears to be an 11 percent increase in the number of workers reporting that they were given a pay slip compared to 2016. We'd be very careful however, not to read too much into this figure, since our study was based a convenience sample. What we can say is that it remains some distance from 100% compliance.

3. Did the pay slip show your basic salary?

	2016		2018	
	No. of respondents	%	No. of respondents	%
Yes	364	98.4	233	95.5
No	4	1.1	1	0.4
No answer	2	0.5	10	4.1
Total	370	100.0	244	100.0

Almost all the men who received pay slips reported that their basic salaries were stated therein. This was true in 2016; it remained the case in 2018.

A note of caution needs to be sounded. Just because a figure representing basic salary was stated in a payslip does not mean it was the correct figure. TWC2 continually sees workers coming to us for help because the basic salary stated in their pay slips did not accord with the promised salary stated in their In-Principle Approvals¹. That said, TWC2 is of the view that these would be the exception rather than the rule.

4. Did the pay slip show your working hours?

	2016		2018	
	No. of respondents	%	No. of respondents	%
Yes	357	96.5	210	86.1
No	13	3.5	17	7.0
Don't know / Can't recall	0	0.0	17	7.0
Total	370	100.0	244	100.0

There appears to be a 10 percent decline in the number of payslips stating clearly the total number of hours worked. We cannot be sure how real this finding is.

It is however possible that while 11 percent more employers were issuing pay slips in 2018 compared to 2016 (see Question 2), these could have been the reluctant ones who only did so because a law came into effect. The transparency so required might not have been welcome since they might have engaged (and are still engaging) in undercalculation of salary. Not declaring on the face of the pay slip the number of hours worked would serve to frustrate any attempt to verify the calculation.

¹ The In-Principle Approval (IPA) is a document generated by the Ministry of Manpower indicating preliminary approval of a Work Permit application by the employer. Among the details included in the IPA is the basic monthly salary. It would be a figure the employer declared to the ministry purportedly representing the (possibly verbal) agreement between employer and prospective employee. Singapore's High Court has ruled that in the absence of countervailing evidence, the basic salary stated in an IPA would be the governing basic salary.

We cannot draw any definitive conclusion but failure to show the requisite detail on pay slips is a matter worth monitoring closely.

5. Was overtime pay detailed in your pay slip?

	2016		2018	
	No. of respondents	%	No. of respondents	%
Yes	340	96.9	165	88.7
No	10	2.8	9	4.8
Don't know / Can't recall	0	0.0	11	5.9
No answer	1	0.3	1	0.5
Total	351	100.0	186	100.0

A small but worrying number of respondents reported that their overtime wages were not clearly itemised in their pay slips.

This question was only asked of those who said that they had done overtime work during July 2018 (186 men). Of these, 4.8 percent said their pay slips did not reflect their OT wages clearly, while 5.9 percent could not recall or did not know the answer.

6. Was salary for working on Sundays and public holidays itemised in your pay slip?

	2016		2018	
	No. of respondents	%	No. of respondents	%
Yes	187	77.0	98	84.5
No	53	21.8	12	10.3
Don't know / Can't recall	0	0.0	5	4.3
No answer	3	1.2	1	0.9
Total	243	100.0	116	100.0

116 men reported that they had worked on a Sunday or public holiday during the month of July 2018. 10.3 percent of them reported that their wages for these days of work were not clearly shown on their pay slips.

It is important for overtime pay and Sunday/PH pay to be separately itemised because the formulae for calculating these components of salary are different from basic salary. Without details, the employee cannot check whether his salary had been correctly computed.

7. Were there any deductions stated on the pay slip?

	2016		2018	
	No. of respondents	%	No. of respondents	%
Yes	80	21.6	47	19.3
No	290	78.4	183	75.0
Don't know / Can't recall	0	0.0	14	5.7
Total	370	100.0	244	100.0

We asked this question in 2018 only because it was asked in 2016. By itself this question does not have much value. Three in four respondents said they had no deductions on their pay slip, but very likely, there were no contractually agreed deductions anyway.

19.3 percent said there were deductions on their pay slips but these replies would only be meaningful if we could find out whether these were allowable deductions or illegal ones. The problem faced by the researchers was that the workers themselves seldom knew whether the deductions they had to bear were legal or not. We couldn't establish this without scrutinising their pay slips – something outside the intent of this study.

8. How was salary paid to you?

	2016		2018	
	No. of respondents	%	No. of respondents	%
Bank	288	65.0	144	59.0
Cash	154	34.8	95	38.9
Cheque		0.0	4	1.6
Other or unclear answer	1	0.2	1	0.4
Total	443	100.0	244	100.0

The results from the 2018 study were quite similar to those from the 2016 study. Around 30-something percent of the men (South Asians, mostly construction workers) were still being paid in cash. This will be discussed further in the next section.

9. Was the salary paid to you the same amount as stated in the pay slip?

	2016		2018	
	No. of respondents	%	No. of respondents	%
Same amount			225	92.2
Paid less than stated			11	4.5
Paid more than stated			2	0.8
Unclear answer			6	2.5
Total			244	100.0

This was a new question introduced only for the 2018 salary slip survey. The finding is that about 5 percent of respondents reported that the amount paid to them was less than the amount computed and stated in the pay slip. Of these 11 men, seven were paid in cash, 4 were paid via bank.

Section V: Discussion

Issuing pay slips

It is not a good sign when two years after the law made itemised pay slips mandatory, as many as a quarter of employers are flouting it – a finding from Question 2.

At TWC2, we do not find this result surprising. Every year, we see hundreds of cases of salary claims. Many complainants (workers) have no salary slips to show us. Our survey result merely echoes what our casework has revealed.

Without an itemised pay slip, an employee will find it hard to determine if he is correctly paid. The Ministry of Manpower’s (MOM’s) pontificating call to workers to come forward early if they face salary issues is undermined when workers have no way of determining with certainty if there was any underpayment.

Clearly, strict enforcement is needed. Yet, from the numerous cases that TWC2 has come across where the worker was not issued itemised pay slips, we at TWC2 have yet to hear of a case where the employer was taken to task for failing to issue them. Perhaps some have been but the cases were not publicised. Yet, publicity about penalties is what is needed to improve compliance rates.

If indeed employers who do not issue pay slips are let off the hook, this may be an unintended consequence of the salary claims process established by MOM. The process is one of mediation between employer and employee – at least in its first stage – and handled by a separate body (Tripartite Alliance for Dispute Management TADM) that has no responsibility for enforcement. Nonetheless, it should not be difficult for TADM to be asked to alert MOM’s enforcement branch should any case surface where the employer did not issue itemised pay slips or pay slips that were erroneous.

If immediate penalties are imposed, the relatively high rate of flouting the law will, in time, come down.

Truthfulness of pay slips

Non-complaint, possibly erroneous, pay slips seem to be a recurring problem as indicated by the findings from Q4 (Did the pay slip show your working hours?), Q5 (Was overtime pay detailed in your pay slip?) and Q6 (Was salary for working on Sundays and public holidays itemised in your pay slip?) While the great majority of employers were complaint, about 5 – 10% were not.

The problem of erroneous and misleading pay slips can be a subtle one. Workers may find it difficult to know what exactly is wrong about one or two line items in a pay slip that superficially looks proper. Here is an example of one such pay slip:

COMPANY			
PAYSIP FOR 1 SEP 2016 TO 30 SEP 2016			
NAME		FIN	PAYMENT DATE : 30 Sep 2016
DESIGNATION : CONSTRUCTION WORKER		EMPLOYEE ID	DATE JOIN :
PAY INFORMATION		ALLOWANCE / DEDUCTION	PAY SUMMARY
THIS MONTH			ORDINARY
BASIC	700.00		1,128.60
OVERTIME	363.46	Attendance Allowance 50.00	TOTAL WAGES 1,128.60
01/09/2016 1.5 72.00 x 5.0481		Others (300.00)	ADJ(+/-) (300.00)
- 30/09/2016		Allowance 15.14	828.60
TOTAL OVERTIME \$	363.46		NETT PAY 828.60

Three problems are highlighted.

1. The employee is shown to have worked 72 overtime hours. The number jumps at us. 72 is the maximum number of overtime hours in a month that an employee may be asked to work. Did he really work exactly 72 overtime hours, or did the company choose to state only the legal maximum?

There is a possibility that the worker worked more than 72 hours in that month. The clue comes from the “Attendance Allowance” of \$50 in the middle column.

“Attendance allowance” is a term commonly used by employers in lieu of extra overtime pay. It could be for working beyond 72 hours or working on Sundays. It could also be – and in such instances, it would not be illegal – ex-gratia payment for working an overnight shift.

In other words, it’s hard to know from this pay slip how accurate the details are, but there are grounds for suspicion.

2. The wage rate for overtime work is stated to be \$5.0481 per hour. This appears remarkably precise but is in fact wrong (and illegal). Since the basic salary is stated on the same pay slip

to be \$700 per month, the Employment Act mandates that the overtime rate should be \$5.507 per hour².

This worker's overtime pay is thus being undercalculated by about 10% -- and that is not including the possibility that there were unaccounted-for hours in excess of 72.

Unless the worker himself knows the Employment Act and his math, he may not even realise that he is losing out on overtime pay.

3. There is a substantial deduction of \$300 that is unexplained. This does not meet the standard required of an "itemised pay slip".

Interestingly enough, this worker, if he had been polled in our study, would have answered Yes to the key questions.

Did you get to keep your pay slip? – Yes

Did the pay slip show your basic salary? – Yes

Did the pay slip show your working hours? – Yes

Was overtime pay detailed in your pay slip? – Yes

... and still he was incorrectly paid. No doubt this example demonstrates the limitations of our study, but if at all our findings are off the mark, they are likely to be understating the extent of the problem (underpayment of salary), not overstating it. The situation may be worse than our figures suggest.

The example underlines the point being made here: It is not only a question of whether employers are issuing pay slips as required by law but also a question of how truthful those pay slips are. However, the first step has to be taken: getting employers to issue detailed pay slips, without which one cannot even detect the errors.

Cash payment

However accurate and truthful pay slips are, all they can show is that the salary is correctly calculated. They cannot prove that payment (of the same amount) was made.

Question 9 saw 4.5 percent of respondents reporting that they were paid less than what was stated on their pay slips.

Bank or electronic payment of salaries would be a step up, since they create an audit trail of how much was actually paid.

Both the 2016 and 2018 surveys found that about 30 – 40% of workers were still paid in cash, with the rest (about two in three) paid through bank. This is roughly consistent with the statement by then-

² The legal overtime rate is calculated thus: \$700 per month basic salary x 12 months; then divide that by 2,288 basic work hours in a year to obtain the basic rate of pay. Overtime rate is 1.5 times the basic rate of pay.



Minister of State of Manpower Sam Tan in Parliament on 14 March 2016 wherein he said, “Today, two-third of these workers already received their salaries electronically.”

TWC2 is concerned that there does not seem to be any improvement in this proportion between 2016 and 2018. We advocate for a greater push towards electronic payment of salaries in bank accounts. Our concern is that workers paid in cash would have a much harder time proving non-payment or incorrect payment of salary. The cash mode makes it easy for an employer to state one figure in the pay slip and pay the worker a different amount (if paid at all). In the absence of independent electronic records maintained by a third party (the bank) to prove shortage or non-payment, the employer may expect to get away with wage theft.

A figure given by Manpower Minister Josephine Teo on 9 July 2018 (in Parliament) buttresses our point. She said that of 2,600 claims handled by TADM between April 2017 and December 2017, only 280 workers (11%) had their salaries paid electronically. Since cash payment is the only other common mode of payment, that means about 89% of salary cases arise from workers paid in cash.

Furthermore, the lack of bank records also makes resolution of disputes so much more difficult for MOM and TADM officials. Herein is an example of how inadequate policy makes work harder for the ministry’s own officials.

TWC2 once again urges that it be made mandatory to pay salaries through bank or other modes that create electronic trails.

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