Wage Practices for Lower-wage Employees 2022

By:

Charmaine Lim



Manpower Research and Statistics Department
Singapore

Oct 2023

COPYRIGHT NOTICE

WAGE PRACTICES FOR LOWER-WAGE EMPLOYEES 2022

© Manpower Research and Statistics Department
Ministry of Manpower
Republic of Singapore

All rights reserved. Further reproduction of this material is prohibited without the written permission of the copyright holder. Application to reproduce any part of this publication should be addressed to:

Director
Manpower Research and Statistics Department
Ministry of Manpower
18 Havelock Road #05-01
Singapore 059764
Republic of Singapore

Email: mom_rsd@mom.gov.sg

In citation, please credit the source when you extract and use the information/data from the publication.

MISSION

To provide timely and reliable
national statistical information on the labour market
to facilitate informed decision-making within the government and community-at-large

Statistical activities conducted by the Manpower Research and Statistics Department (MRSD) are governed by the provisions of the Statistics Act 1973 (2020 Revised Edition). The Act guarantees the confidentiality of information collected from individuals and companies. It spells out the legislative authority and responsibility of the Director, Manpower Research and Statistics Department.

Statistics compiled and disseminated by the MRSD adhere to international standards on official statistics set by the International Labour Organisation and International Monetary Fund.

For insights on the labour market, visit us at stats.mom.gov.sg.

For data requests and queries pertaining to our reports, reach out to us at mom_rsd@mom.gov.sg.

CONTENTS

Page

Highlights 1
1 Introduction 2
2 Establishments' responses to NWC's guidelines for lower-wage employees 2
3 Wage increases for lower-wage employees 6

Annex: Statistical Charts and Tables
Survey Coverage and Methodology

Abbreviations

LQS: Local Qualifying Salary
MOM: Ministry of Manpower
NWC: National Wages Council
PWM: Progressive Wage Model
SSIC: Singapore Standard Industrial Classification

Highlights

- The proportion of establishments that adopted the 2022 National Wages Council's (NWC's) recommended guidelines for lower-wage employees was 30.1%, and similar to that in 2021 (29.7%). The adoption rate could be affected by the expansion of guidelines to cover a wider group of lower-wage employees and provide a higher recommended wage increase to these employees[1]. Raising awareness of NWC's guidelines can help increase adoption rates[2].

- Adoption rates of NWC's guidelines for lower-wage employees varied across industries. In general, establishments in existing Progressive Wage Model (PWM) sectors were more likely to provide wage increases to their lower-wage employees. With the recent expansion of PWM to cover sectors like *Retail Trade* and *Food & Beverage Services*, more lower-wage employees would benefit from these wage increases.

- Although adoption rates were unchanged from a year ago, a sizeable proportion of establishments (61.6%) had provided wage increases to their lower-wage employees in 2022, rising significantly from 43.9% in 2021. This allowed wages of lower-wage employees to grow.

- In addition, establishments that had provided wage increases but at a quantum below NWC's recommendations gave an average wage increase of 5.2% to their lower-wage employees in 2022, which was just slightly below the stipulated range of 5.5-7.5% recommended by the guidelines.

- Going forward, policy initiatives such as the new Local Qualifying Salary (LQS) requirements, Progressive Wage moves and Progressive Wage Credit Scheme would continue to sustain wage increases among lower-wage employees.

[1] In 2022, 292,000 lower-wage employees were covered by the NWC's guidelines for lower-wage workers, an increase from the 252,000 in 2021. In 2022, the quantum of recommended wage increase for lower-wage employees was $80-$100 or 5.5-7.5%, whichever was higher, and this was higher than in 2021 ($70--$90 or 4.5-7.5%). More information is available in Annex A.
[2] An MOM study revealed a strong positive relationship between adoption rate and establishments' awareness of NWC's guidelines. As establishments' awareness increases, adoption rate increases as well.

1 Introduction

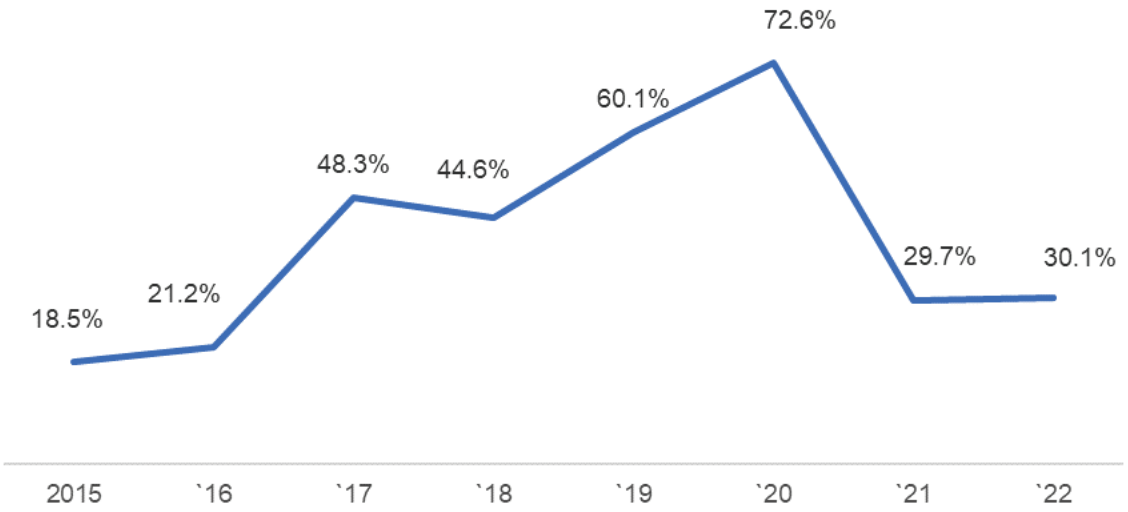
1.1 This report examines establishments' wage practices for their lower-wage employees[3], including the extent to which they adopted the recommendations of the 2022/2023 National Wages Council's (NWC's) Guidelines[4]. The findings are based on data from the Survey on Annual Wage Changes[5], which covered private establishments with at least 10 employees. The survey coverage and methodology are explained in Annex B.

2 Establishments' responses to NWC's guidelines for lower-wage employees

2.1 The proportion of establishments that adopted the 2022 NWC's recommended guidelines for lower-wage employees was 30.1%, and similar to that in 2021 (29.7%). The adoption rate could be affected by the expansion of guidelines to cover a wider group of lower-wage employees and provide a higher recommended wage increase to these employees[6]. This meant that it was more costly for establishments to provide wage increases to their lower-wage employees. Nonetheless, raising awareness of NWC's guidelines can help increase adoption rates.

[3] In 2022, lower-wage employees refer to employees earning a gross monthly wage of $2,200 and below. In earlier years, it refers to employees earning up to a basic monthly wage of $1,100 (2015 & 2016) /$1,200 (2017) /$1,300 (2018) /$1,400 (2019 & 2020), or gross monthly wage of $2,000 (2021).
[4] The NWC's 2022/2023 guidelines was released in November 2022.
[5] Data pertain to full-time resident employees in continuous employment of at least a year. This removes the effects due to compositional changes such as job change and new entrants.
[6] In 2022, 292,000 lower-wage employees were covered by the NWC's guidelines for lower-wage workers, an increase from the 252,000 in 2021. In 2022, the quantum of recommended wage increase for lower-wage employees was $80-$100 or 5.5-7.5%, whichever was higher, and this was higher than in 2021 ($70--$90 or 4.5-7.5%). More information is available in Annex A.

Chart 1: Proportion of establishments that adopted NWC's guidelines for lower-wage employees

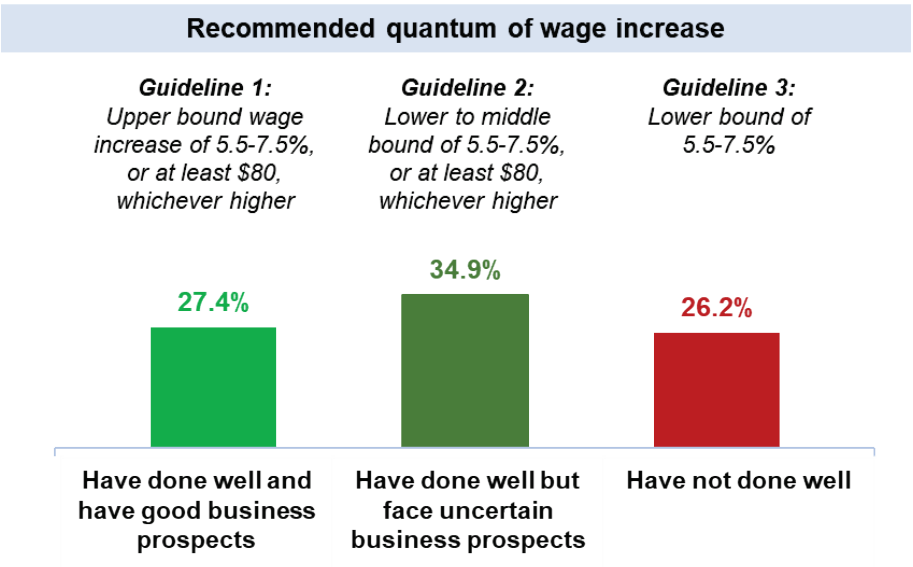


Source: Survey on Annual Wage Changes, Manpower Research and Statistics Department, MOM

Notes:
(1) Data are based on private sector establishments (each with at least 10 employees) with lower-wage employees.
(2) Lower-wage employees refer to employees earning a basic monthly wage of $1,100 (2015 and 2016)/$1,200 (2017)/$1,300 (2018)/$1,400 (2019 and 2020), or gross monthly wage of $2,000 (2021) / $2,200 (2022) and below.

2.2 The adoption rate for lower-wage employees was also low across all establishments, regardless of their performance and outlook.

Chart 2: Proportion of establishments that adopted NWC's guidelines for lower-wage employees, 2022



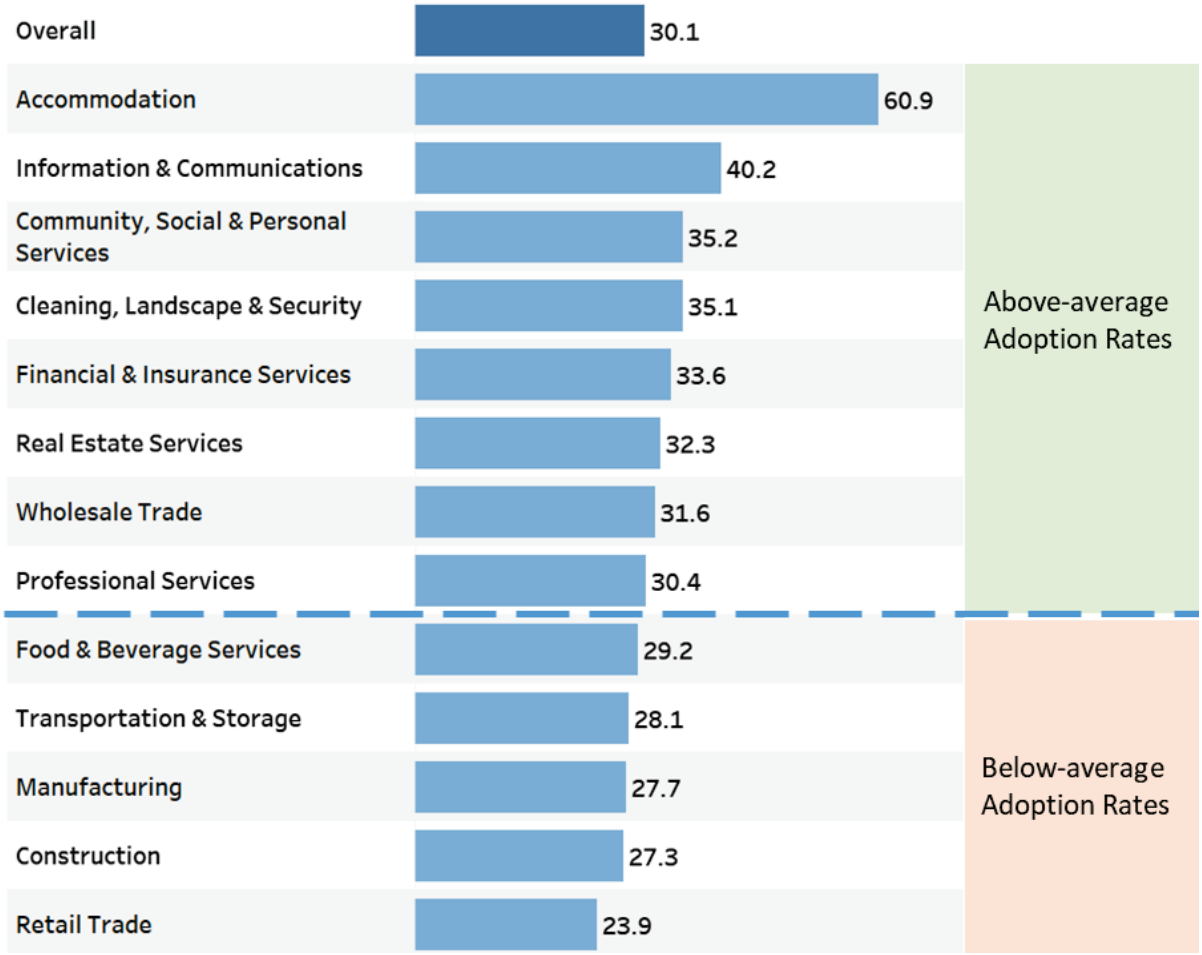
Source: Survey on Annual Wage Changes, Manpower Research and Statistics Department, MOM

Notes:
(1) Data are based on private sector establishments (each with at least 10 employees) with lower-wage employees.
(2) Lower-wage employees refer to employees earning a gross monthly wage of $2,200 and below.
(3) Breakdown for establishments that have done well and have good business prospects, have done well but face uncertain business prospects or have not done well are only collected in 2022.

2.3 Adoption rates of NWC's guidelines for lower-wage employees varied across industries. In general, establishments in existing PWM sectors[7] were more likely to provide wage increases to their lower-wage employees. With the recent expansion of PWM to cover sectors like *Retail Trade* and *Food & Beverage Services*[8], more lower-wage employees would benefit from these wage increases.

[7] Existing PWM sectors refer to *Security & Investigation Activities* and *Cleaning & Landscape Maintenance Activities* industries.
[8] PWM has been expanded to cover *Retail Trade* (with effect from 1st Sept 22) and *Food & Beverage Services* (1st March 23). As the gross wage increase of 6.7-9.0% per year in these sectors under PWM is higher than the NWC's recommendation, we should expect to see improvements in their adoption rates moving forward.

Chart 3: Proportion of establishments that adopted NWC's guidelines for lower-wage employees by industry (%), 2022



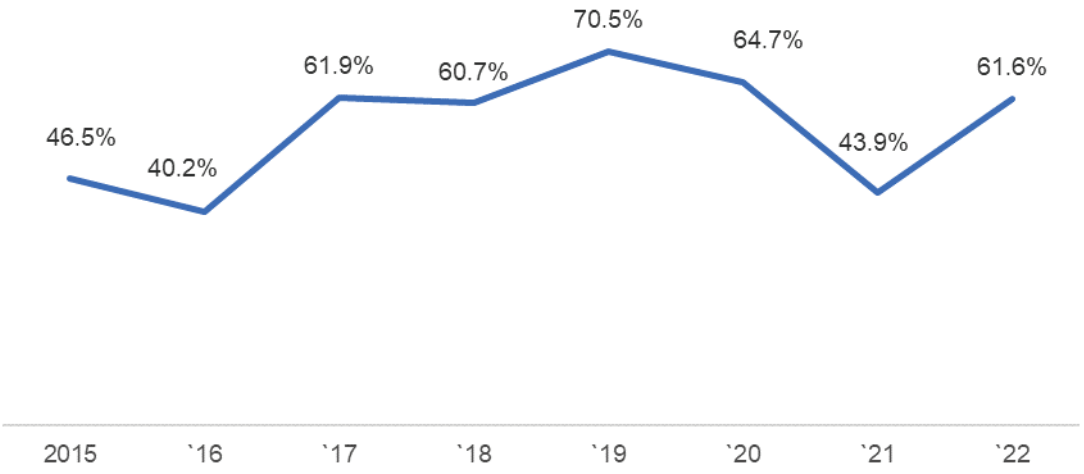
Source: Survey on Annual Wage Changes, Manpower Research and Statistics Department, MOM

Notes:
(1) Data are based on private sector establishments (each with at least 10 employees) with lower-wage employees.
(2) Lower-wage employees refer to employees earning a gross monthly wage of $2,200 and below.

3 Wage increases for lower-wage employees

3.1 Although adoption rates were unchanged from a year ago, a sizeable proportion of establishments (61.6%) had provided wage increases to their lower-wage employees in 2022, rising significantly from 43.9% in 2021. This allowed wages of lower-wage employees to grow.[9]

Chart 4: Proportion of establishments that gave wage increases to lower-wage employees



Source: Survey on Annual Wage Changes, Manpower Research and Statistics Department, MOM

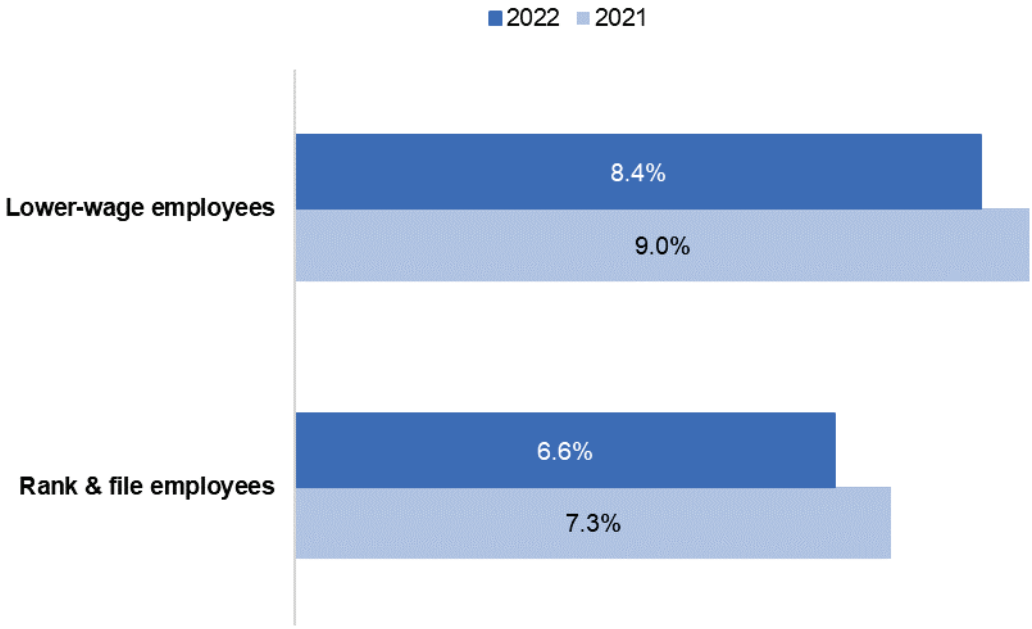
Notes:
(1) Based on private sector establishments (each with at least 10 employees) with lower-wage employees.
(2) Lower-wage employees refer to employees earning a basic monthly wage of $1,100 (2015 and 2016)/$1,200 (2017)/$1,300 (2018)/$1,400 (2019 and 2020), or gross monthly wage of $2,000 (2021) / $2,200 (2022) and below.

3.2 Performance of an establishment affects their ability to provide wage increases. Establishments that were profitable (63.1%), or had done well and have good business prospects (67.1%) were more likely to provide wage increases to their lower-wage employees. Establishment size also affects an establishments' ability to provide wage increases, with larger establishments[10] (78.6%) more likely to do so.

3.3 Although more establishments provided wage increases to their lower-wage employees in 2022, the average amount provided (8.4%) was lower than 2021 (9.0%). This magnitude of increase was higher than that provided to rank & file employees in 2022 (6.6%).

[9] The P20 gross monthly income (GMI) from work (including employer CPF) of full-time employed residents increased from $2,500 in 2021, to $2,779 in 2022. Source: Comprehensive Labour Force Survey, Manpower Research & Statistics Department, MOM.
[10] Larger establishments refer to establishments with 200 & more employees. 78.6% of such establishments gave wage increases to their lower-wage employees in 2022 compared to 57.3% among establishments with 10-24 employees.

Chart 5: Quantum of built-in wage increase for rank & file and lower-wage employees



Source: Survey on Annual Wage Changes, Manpower Research and Statistics Department, MOM

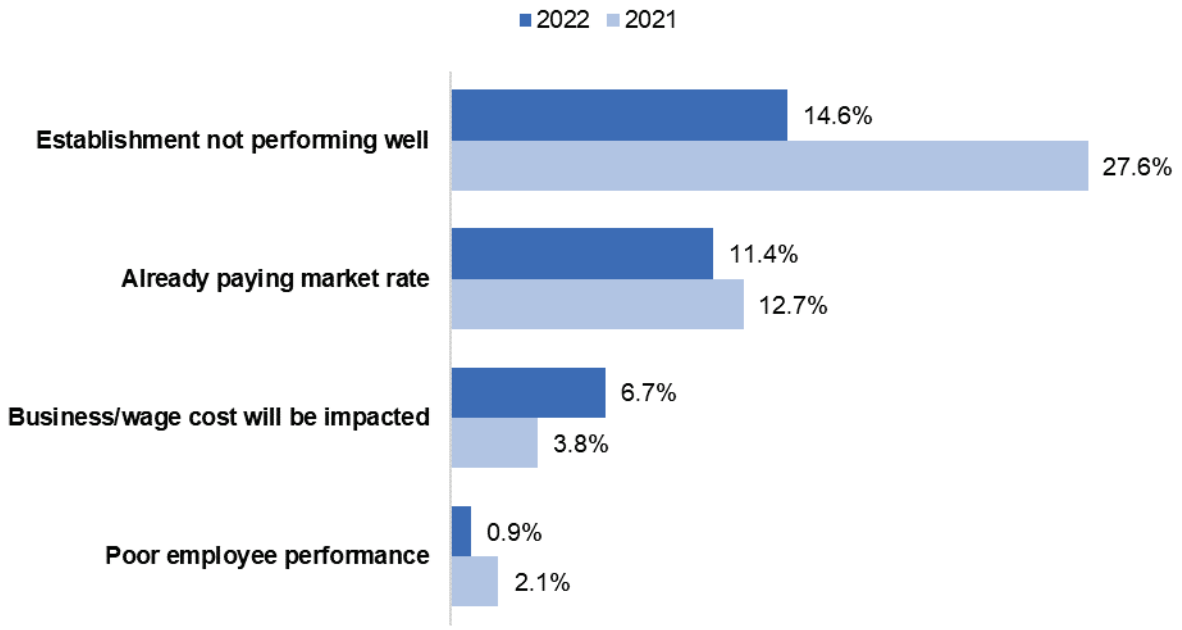
Notes:
(1) Data are based on private sector establishments (each with at least 10 employees) with lower-wage employees and gave built-in wage increases to these employees in 2022.
(2) Lower-wage employees refer to employees earning a gross monthly wage of $2,000 (2021) / $2,200 (2022) and below.
(3) The quantum of built-in wage increase for lower-wage employees performing outsourced work was 11.3% in 2022.

3.4 In addition, establishments that had provided wage increases but at a quantum below NWC's recommendations still gave an average wage increase of 5.2% to their lower-wage employees in 2022, which was just slightly below the stipulated range of 5.5-7.5% recommended by the guidelines.

3.5 In 2022, establishments' top reason for not providing wage increases for lower-wage employees remained poor performance of establishment (14.6%). This reason saw a notable decline over the year as establishments' performance improved after the pandemic. Establishments also felt they were already paying wages on par with the market rate (11.4%), and hence did not give wage increases to their lower-wage employees.[11]

[11] As lower-wage employees tend to be employed under outsourced service contracts, we also monitor the wage outcomes of this sub-group of lower-wage employees. In 2022, more than half of establishments provided wage increases to such employees (72.1%), higher than the overall proportion (61.6%). Poor business performance was the top reason establishments did not provide wage increases to lower-wage employees performing outsourced work. More information is available in Annex A.

Chart 6: Establishments' top reasons for not giving wage increases to lower-wage employees



Source: Survey on Annual Wage Changes, Manpower Research and Statistics Department, MOM

Notes:
(1) Based on private sector establishments (each with at least 10 employees) with lower-wage employees
(2) Lower-wage employees refer to employees earning a gross monthly wage of $2,000 (2021) / $2,200 (2022) and below.
(3) Figures will not sum up as establishments could choose multiple reasons.

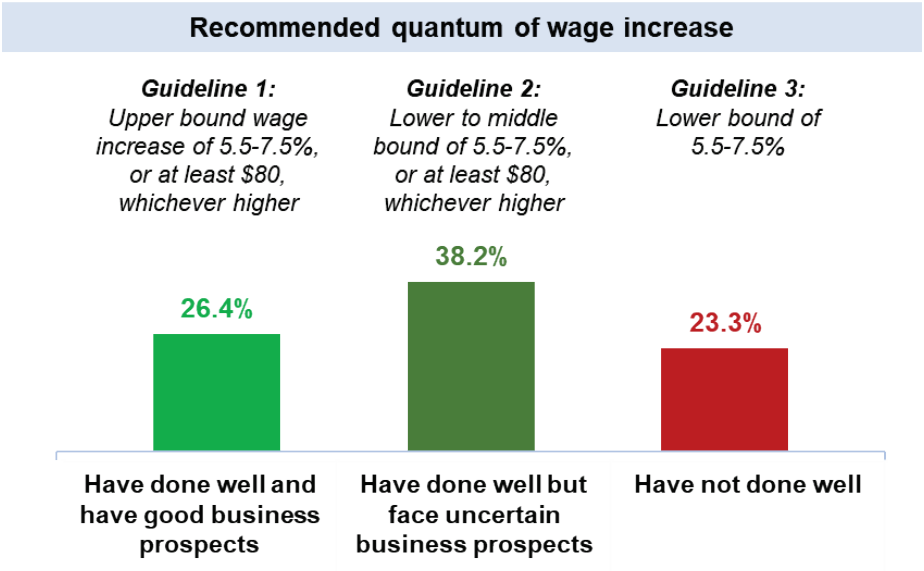
3.6 Going forward, policy initiatives such as the new Local Qualifying Salary (LQS) requirements, Progressive Wage moves and Progressive Wage Credit Scheme would continue to sustain wage increases among lower-wage employees.

Annex A

Table A1: NWC's quantitative wage guidelines for lower-wage employees

Period of Guidelines	Monthly wage threshold	Recommended built-in wage increase for lower-wage employees
2020/2021	Basic monthly wage of $1,400	A wage increase of any amount
2021/2022	Gross monthly wage of $2,000	**Establishments that were doing well or recovering/have recovered** A wage increase of $70 - $90 or 4.5% - 7.5%, whichever is higher
		Establishments that implemented an overall wage freeze A wage increase of up to $50
		Establishments that implemented an overall wage cut To freeze wages of lower-wage employees
2022/2023	Gross monthly wage of $2,200	**Establishments that have done well and have good business prospects** A wage increase at the upper bound of 5.5-7.5% of gross monthly wage, or wage increase of at least $80-$100, whichever is higher
		Establishments that have done well but face uncertain business prospects A wage increase at the lower to middle bound of 5.5-7.5% of gross monthly wage, or wage increase of at least $80-$100, whichever is higher
		Establishments that have not done well A wage increase at the lower bound of 5.5-7.5% of gross monthly wage

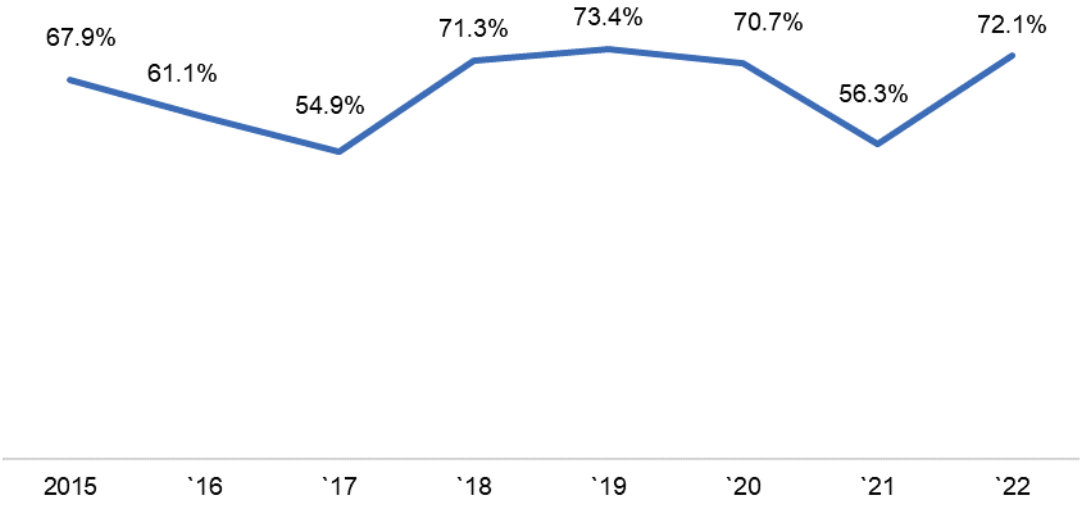
Chart A1: Proportion of establishments that adopted NWC's guidelines for lower-wage employees performing outsourced work, 2022



Source: Survey on Annual Wage Changes, Manpower Research and Statistics Department, MOM

Notes:
(1) Data are based on private sector establishments (each with at least 10 employees) with lower-wage employees.
(2) Lower-wage employees refer to employees earning a gross monthly wage of $2,200 and below.

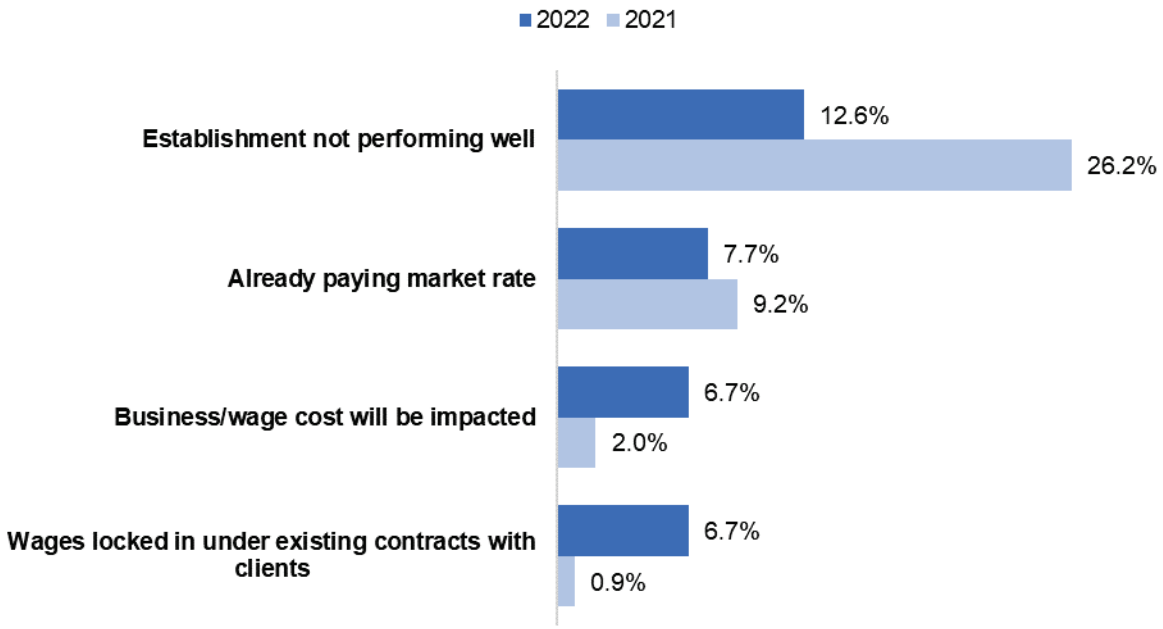
Chart A2: Proportion of establishments that gave wage increases to lower-wage employees performing outsourced work



Source: Survey on Annual Wage Changes, Manpower Research and Statistics Department, MOM

Notes:
(1) Data are based on private sector establishments (each with at least 10 employees) with lower-wage employees.
(2) Lower-wage employees refer to employees earning a basic monthly wage of $1,100 (2015 and 2016)/$1,200 (2017)/$1,300 (2018)/$1,400 (2019 and 2020), or gross monthly wage of $2,000 (2021) / $2,200 (2022) and below.

Chart A3: Establishments' top reasons for not giving wage increases to lower-wage employees performing outsourced work



Source: Survey on Annual Wage Changes, Manpower Research and Statistics Department, MOM

Notes:
(1) Data are based on private sector establishments (each with at least 10 employees) with lower-wage employees.
(2) Lower-wage employees refer to employees earning a gross monthly wage of $2,000 (2021) / $2,200 (2022) and below.
(3) Figures for reasons for not providing wage increases to lower-wage employees will not sum up as establishments could choose multiple reasons.

Annex B

SURVEY COVERAGE AND METHODOLOGY

SURVEY ON ANNUAL WAGE CHANGES, 2022

Introduction

The *Survey on Annual Wage Changes, 2022* was conducted by the Manpower Research and Statistics Department of the Ministry of Manpower under the Statistics Act 1973 (2020 Revised Edition). The survey fieldwork was conducted from 3 April 2023 to 26 June 2023.

Objective

The survey was conducted to obtain information on wage changes of lower-wage employees in 2022.

Coverage

The survey covered private sector establishments with at least 10 employees. 4,957 private establishments responded to the survey, yielding a survey response rate of 86.2%.

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

Methodology

The survey was conducted using online questionnaires. Respondents could submit their returns online, with clarifications made over the phone.

Reference Period

The reference period for the survey was from March 2022 to March 2023.

Data Collected

Establishments were asked if they provided a build-in wage increase to employees earning a gross monthly wage of up to $2,200, and the quantum given. The information collected pertains to full-time employees on the CPF scheme who had been with the establishment for at least one year as at 31 March 2023.

Analysis

Findings on wage changes of lower-wage employees in the private sector in 2022 is based on private establishments with at least 10 employees.

Classification

The industries of the surveyed establishments were classified according to the Singapore Standard Industrial Classification (SSIC) 2020.

FEEDBACK FORM

Report Title: Wage Practices for Lower-wage Employees 2022

1. How would you rate this report in terms of:

	Excellent	Good	Average	Poor
a) Relevance to your work	☐	☐	☐	☐
b) Providing useful insights on prevailing labour market trends/development	☐	☐	☐	☐
c) Ease of understanding	☐	☐	☐	☐

2. Which area(s) of the report do you find most useful? Please provide reasons.

_____

_____

3. How do you find the length of the report?

☐ Too detailed ☐ Just right ☐ Too brief

	Excellent	Good	Average	Poor
4. Overall, how would you rate this report?	☐	☐	☐	☐

5. What additional information (if any) would you like us to include in our future issues?

_____

_____

6. Any other comments or suggestions you wish to bring to our attention?

_____

_____

Thank you for your valuable feedback

Name of Officer: _____ Designation: _____

Department: _____

Please return the above to:
Director
Manpower Research and Statistics Department
Ministry of Manpower
18 Havelock Road #05-01
Singapore 059764
Republic of Singapore
Fax: 6317 1804
Email: mom_rsd@mom.go