Wage Adjustments and Adoption of NWC Guidelines for Lower-Wage Employees 2024

Ministry of Manpower

MANPOWER RESEARCH & STATISTICS DEPARTMENT

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WAGE ADJUSTMENTS AND ADOPTION OF NWC GUIDELINES FOR LOWER-WAGE EMPLOYEES 2024

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CONTENTS

Page

Abbreviations

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

Highlights

- A majority of establishments (60.0%) raised wages for their lower-wage employees in 2024, continuing the upward trend seen over most of the past decade. However, the share was lower than in 2023 (81.3%), when more employers had adjusted wages to help workers cope with higher living costs.

- The adoption of NWC's guidelines for lower-wage employees remained modest at 26.2% in 2024. This was comparable to the period from 2021 to 2023 but lower than in most years from 2014 to 2020. The relatively lower adoption in recent years coincided with the expansion of the guidelines' coverage and higher recommended wage increments, which may have raised implementation costs for establishments. Despite this, awareness of the 2024 guidelines remained stable, with about three in five establishments aware of them.

- Adoption of the guidelines was generally higher in Progressive Wage Model (PWM) sectors such as *Food & Beverage Services* and *Cleaning, Security, and Landscape*. This supports the positive effect of PWM on lower-wage workers' wage outcomes. Regression analysis further showed that establishments in PWM sectors were more likely to adopt the NWC guidelines, while adoption tended to be lower among establishments with larger shares of lower-wage employees. This helps explain the overall decline in adoption following the broader coverage of the guidelines.

- Looking ahead, fewer establishments expect to remain profitable in 2025, although most still anticipate positive outcomes. More establishments also expect business costs to stabilise. However, establishments appear cautious about wage adjustments amid the uncertain economic outlook. The share planning to hold wages constant is projected to increase sharply from 18.5% in 2024 to 53.9% in 2025, while fewer plan to grant wage increases (44.4%, down from 78.3%). Nominal wage growth is therefore expected to moderate in 2025.

- Sustaining wage growth for lower-wage workers will depend increasingly on productivity gains and skills upgrading, rather than broad-based wage adjustments.

1 Introduction

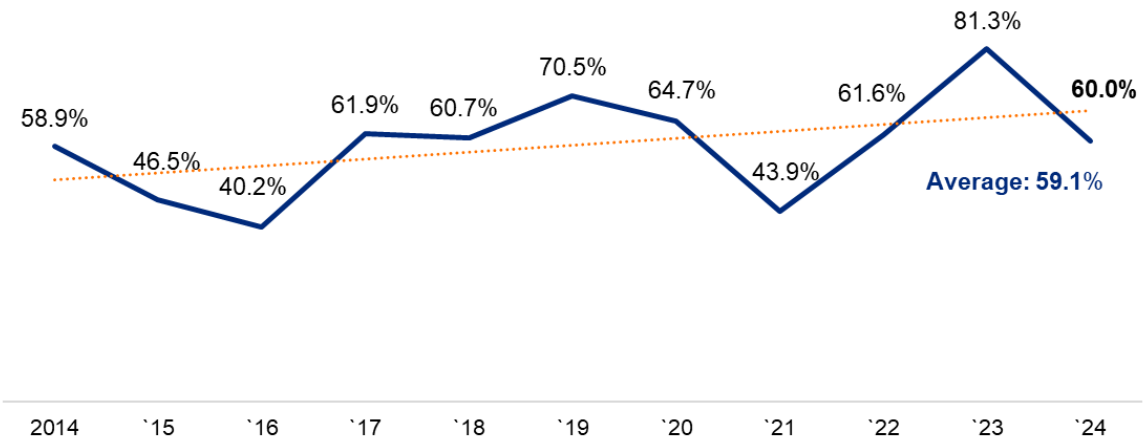
1.1 This report examines establishments' wage practices for their lower-wage employees, including their adoption of the 2024/2025 National Wages Council's (NWC's) Guidelines[1] and establishments' forward expectations on profitability, business cost and wage. The findings are based on data from the Survey on Annual Wage Changes[2], which covered private establishments with at least 10 employees. The survey coverage and methodology are explained in Annex B.

2 Wage increases for lower-wage employees

2.1 A majority of establishments (60.0%) raised wages for their lower-wage employees in 2024 (Chart 1), continuing the upward trend seen over most of the past decade. However, the share was lower than in 2023 (81.3%), when more employers had adjusted wages to help workers cope with higher living costs.

2.2 Following sustained efforts to uplift lower-wage employees, the gross monthly income of full-time employed residents at the 20th percentile continued to grow, from $1,750 in 2014 to $2,500 in 2023 and further to $2,708 in 2024.[3]

Chart 1: Proportion of establishments that gave wage increases to lower-wage employees



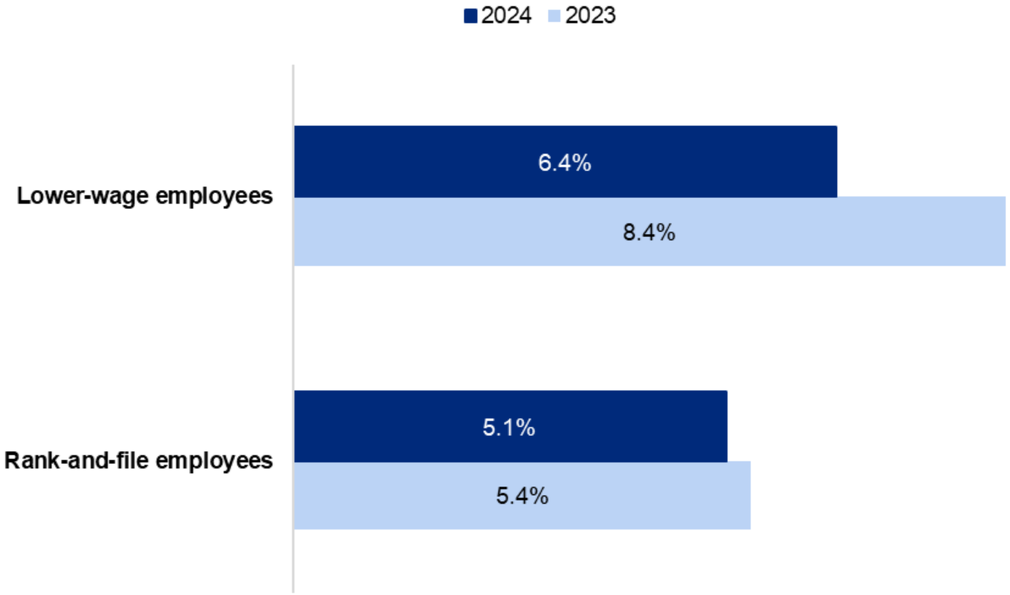
Source: Survey on Annual Wage Changes, Manpower Research and Statistics Department, MOM

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 up to $1,000 (2014) / $1,100 (2015 and 2016) / $1,200 (2017) / $1,300 (2018) / $1,400 (2019 and 2020), or a gross monthly wage of up to $2,000 (2021) / $2,200 (2022) / $2,500 (2023 and 2024).
(3) The proportion of establishments that gave wage increases to lower-wage employees performing outsourced work was 67.2% in 2024.

[1] Released in October 2024.
[2] Data pertain to full-time resident employees in continuous employment of at least a year. This removes the effect of compositional changes such as job change and new entrants.
[3] Data on gross monthly income from employment excludes employer CPF contributions, and are sourced from the Comprehensive Labour Force Survey, Manpower Research & Statistics Department, MOM.

2.3 The average amount of wage increases for lower-wage employees decreased in 2024 (6.4%), down from 2023 (8.4%). Nonetheless, lower-wage employees continued to receive larger increases than rank-and-file employees in 2024 (5.1%) (Chart 2).

Chart 2: Quantum of built-in wage increase for rank-and-file and lower-wage employees



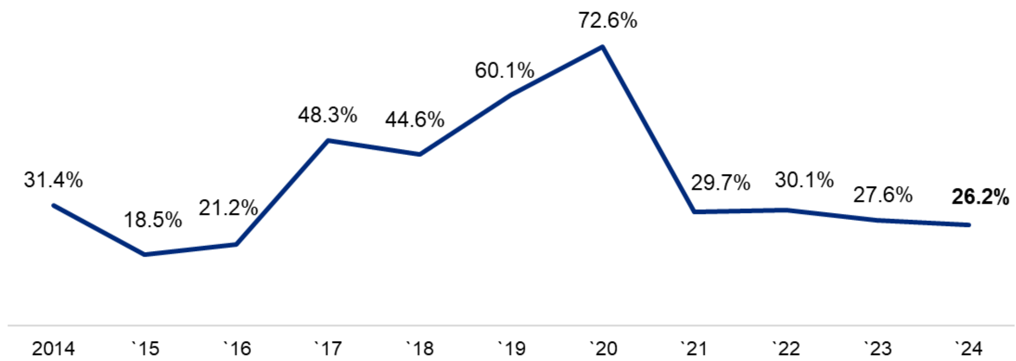
Source: Survey on Annual Wage Changes, Manpower Research and Statistics Department, MOM

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.
(2) Lower-wage employees refer to employees earning a gross monthly wage of up to $2,500 (2023 and 2024).
(3) The quantum of built-in wage increase for lower-wage employees performing outsourced work was 7.1% in 2024.

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

3.1 The adoption of NWC's guidelines for lower-wage employees[4] remained modest at 26.2% in 2024. This was comparable to the period from 2021 to 2023 but lower than in most years from 2014 to 2020 (Chart 3). The relatively lower adoption in recent years coincided with the expansion of the guidelines' coverage and higher recommended wage increments, which may have raised implementation costs for establishments. Despite this, awareness of the 2024 guidelines remained stable, with about three in five establishments aware of them.

Chart 3: Proportion of establishments that adopted NWC's guidelines for lower-wage employees



Income Thresholds	$1,000 Basic	$1,100 Basic	$1,100 Basic	$1,200 Basic	$1,300 Basic	$1,400 Basic	$1,400 Basic	$2,000 Gross	$2,200 Gross	$2,500 Gross	$2,500 Gross
NWC Recommended Quantum	$60	$60	$50	$45	$50	$50	Any amt	$70 or 4.5%	$80 or 5.5%	$85 or 5.5%	$100 or 5.5%

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

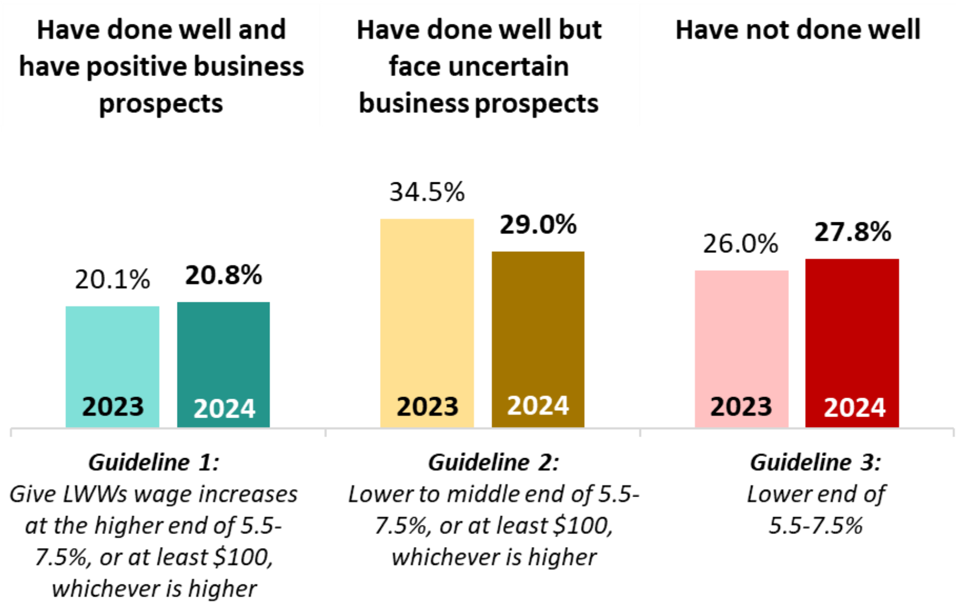
Notes:
(1) Data are based on private sector establishments (each with at least 10 employees) with lower-wage employees.
(2) Lower-wage employees refer to employees earning a basic monthly wage of up to $1,100 (2015 and 2016) / $1,200 (2017) / $1,300 (2018) / $1,400 (2019 and 2020), or gross monthly wage of up to $2,000 (2021) / $2,200 (2022) / $2,500 (2023 and 2024).

[4] NWC's wage guidelines for lower-wage employees comprise a percentage range of wage growth and a minimum dollar quantum increase.

3.2 The slightly lower adoption rate in 2024 compared to 2023 was due to an increase in establishments which reported that they have not done well or have uncertain business prospects. These establishments either provided smaller wage increases that fell short of the guidelines, or offered no wage increases at all.

3.3 Across business prospects, the lowest adoption rate was observed among establishments that have done well and have positive business prospects (20.8% in 2024) (Chart 4). These establishments typically provided wage increases at the lower end of the recommended range of wage growth (i.e. around 5.5%), rather than the higher end (i.e. around 7.5%) which they were recommended to provide based on the NWC guidelines.

Chart 4: Proportion of establishments that adopted NWC's guidelines for lower-wage employees, 2023-2024

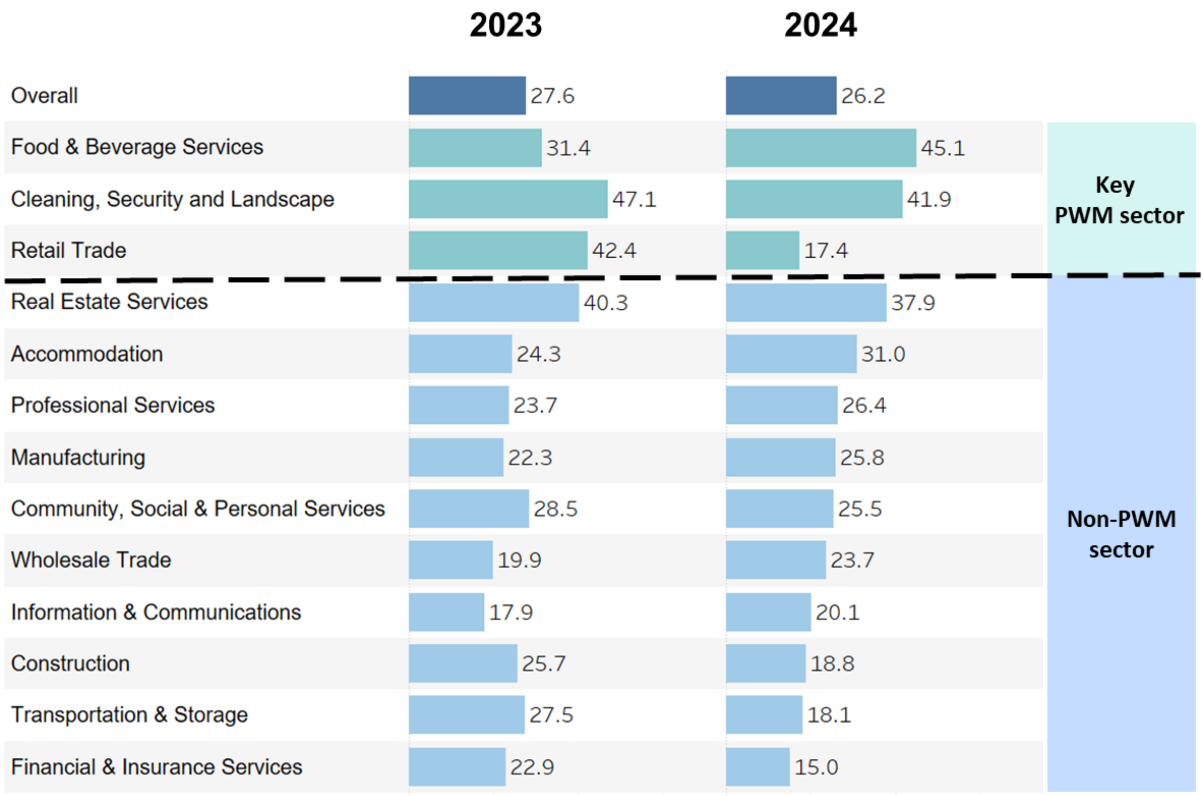


Source: Survey on Annual Wage Changes, Manpower Research and Statistics Department, MOM

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 up to $2,200 (2022) / $2,500 (2023 and 2024).

3.4 Adoption of the guidelines was generally higher in Progressive Wage Model (PWM) sectors such as the *Food & Beverage Services* and *Cleaning, Security and Landscape* in 2024. This supports the positive impact of PWM on lower-wage workers' wage outcomes.

Chart 5: Proportion of establishments that adopted NWC's guidelines for lower-wage employees by industry (%), 2023-2024



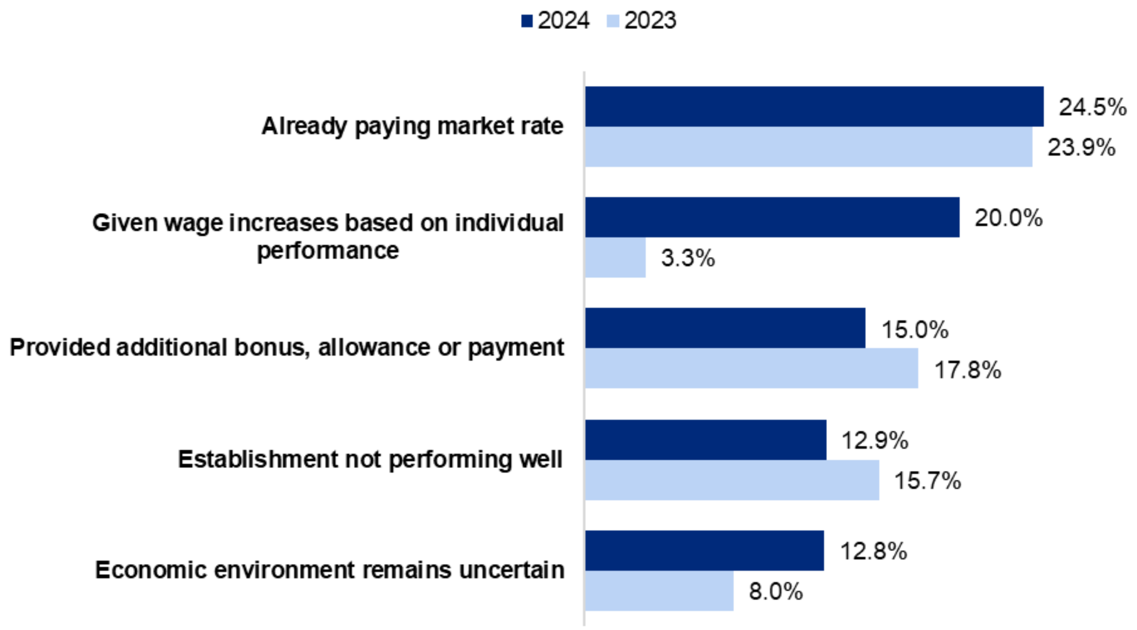
Source: Survey on Annual Wage Changes, Manpower Research and Statistics Department, MOM

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 up to $2,200 (2022) / $2,500 (2023 and 2024).

3.5 While the adoption rate declined, a substantial proportion of establishments (33.8%) still provided wage increases to their lower-wage employees, though these fell below the NWC's recommendations. These establishments gave an average wage increase of 4.4% to their lower-wage employees in 2024.

3.6 In 2024, establishments' top reasons for providing wage increases below the NWC's recommendations were that they believed they were already paying market rates (24.5%) or that they had provided increases based on individual performance (20.0%).

Chart 6: Establishments' top reasons for giving wage increases that did not meet NWC guidelines for lower-wage employees, 2023-2024



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 $2,500 (2023 and 2024) and below.

3.7 A logistic regression analysis is performed on firm-level data to identify the predictors of adopting NWC's guidelines for lower-wage employees. The variables used to predict the likelihood of doing so include firm size, industry, number and share of lower-wage employees in the firm, firm's awareness of guidelines. The regression did not include firm's business performance and prospects as an explanatory variable due to potential endogeneity that may lead to spurious results.[5] The results, statistically significant at the 5% level, show that:

[5] For example, if two firms each provided a 5.5% wage increase to their lower-wage employees but differed based on business performance and prospects, the firm that had not done well was considered to have adopted the recommended guideline while the firm that had done well and have positive business prospects was considered not to have done so.

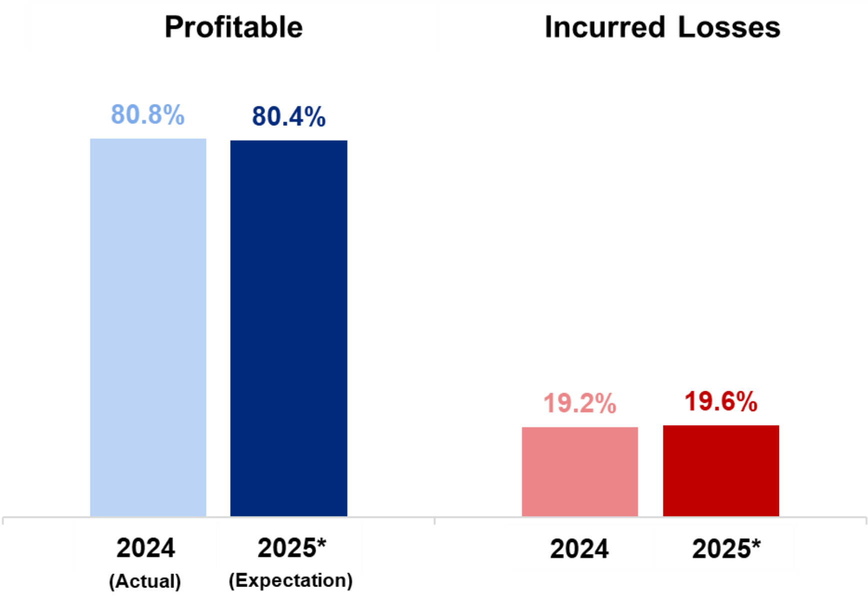
- Compared to firms that are not aware of the guidelines, firms that are aware are more likely to adopt them;
- The likelihood of adopting the guidelines decreases with the share of lower-wage employees in the firm;
- Compared to a non-PWM sector like *Manufacturing*, PWM sectors are more likely to adopt the guidelines, with a higher predicted likelihood among *Administrative & Support Services* and *Retail Trade*, where PWM took effect earlier (before 2023), as well as *Food & Beverage Services*.

3.8 The regression findings affirm the positive impact of PWM and highlight the need to raise awareness of the NWC guidelines to better uplift lower-wage employees. The findings also indicate that adoption rate is influenced by the share of lower-wage employees in the firm. This helps explain the overall decline in adoption following the broader coverage of the guidelines.

4 Establishments’ expectations on profitability, business cost and wage

4.1 A majority of establishments (80.4%) expect to remain profitable in 2025. However, reflecting the uncertain business environment, this proportion of establishments expected to be profitable in 2025 is slightly lower than the proportion that were profitable in 2024 (80.8%).

Chart 7: Proportion of establishments by expected profitability status

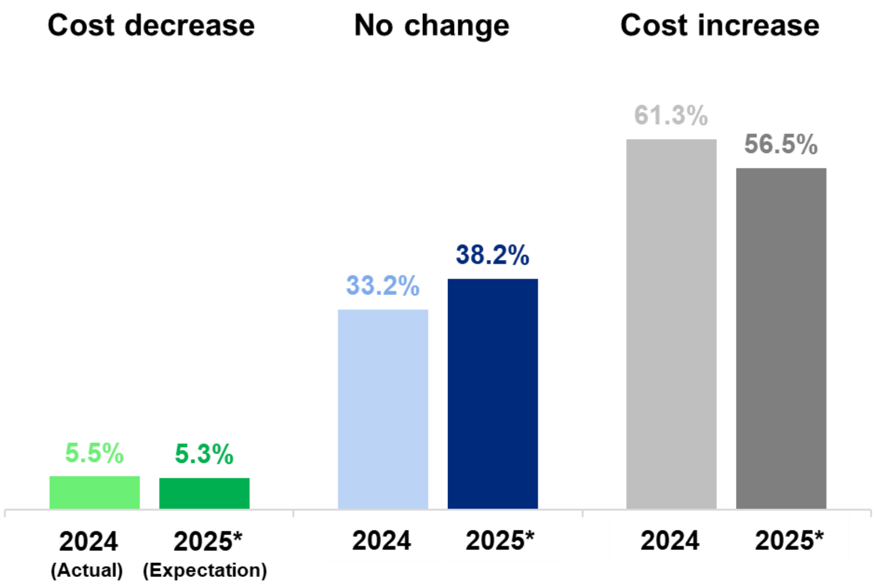


Source: Survey on Annual Wage Changes, Manpower Research and Statistics Department, MOM

Note: 2025 data are based on establishments’ expectations for 2025, when surveyed in March to June 2025

4.2 More establishments expect their business cost situation to stabilise in 2025. The proportion of establishments expecting no change in business cost, at 38.2% in 2025, is higher than the proportion that reported no change in 2024.

Chart 8: Proportion of establishments by expected change in business cost per unit

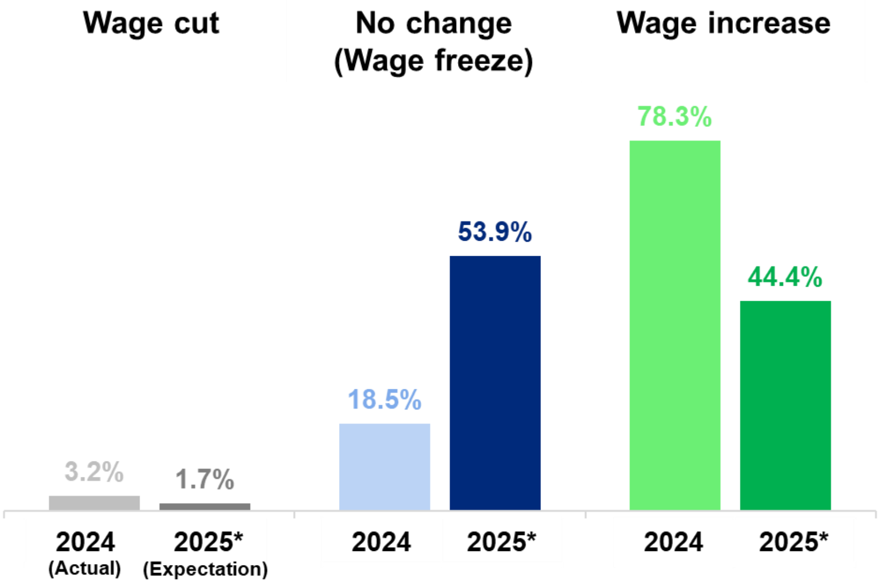


Source: Survey on Annual Wage Changes, Manpower Research and Statistics Department, MOM

Note: 2025 data are based on establishments' expectations for 2025, when surveyed in March to June 2025

4.3 Nonetheless, establishments appear more cautious approach about wage adjustments amid the uncertain economic outlook. The proportion of establishments planning to hold employee wages constant is projected to increase sharply from 18.5% in 2024 to 53.9% in 2025, while fewer establishments plan to grant wage increases in 2025 (44.4%) compared to 2024 (78.3%). Nominal wage growth is therefore expected to moderate in 2025.

Chart 9: Distribution of establishments by expected wage change



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

Note: 2025 data are based on establishments' expectations for 2025, when surveyed in March to June 2025

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
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
2023/2024	Gross monthly wage of $2,500	**Establishments that have done well and have positive business prospects** A wage increase at the upper bound of 5.5-7.5% of gross monthly wage, or wage increase of at least $85-$105, 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 $85-$105, 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
2024/2025	Gross monthly wage of $2,500	**Establishments that have done well and have positive business prospects** A wage increase at the higher end of 5.5-7.5% of gross monthly wage, or wage increase of at least $100-$120, whichever is higher
		Establishments that have done well but face uncertain business prospects A wage increase at the middle to lower end of 5.5-7.5% of gross monthly wage, or wage increase of at least $100-$120, whichever is higher
		Establishments that have not done well A wage increase at the lower end of 5.5-7.5% of gross monthly wage

Annex B

SURVEY COVERAGE AND METHODOLOGY

WAGE ADJUSTMENTS AND ADOPTION OF NWC GUIDELINES FOR LOWER-WAGE EMPLOYEES 2024

Introduction

The *Survey on Annual Wage Changes, 2024* 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 14 March 2025 to 9 July 2025.

Objective

The survey was conducted to obtain information on wage changes of lower-wage employees in 2024 and forward expectations of establishments in 2025.

Coverage

The survey covered private sector establishments with at least 10 employees. 5,348 private establishments responded to the survey, yielding a survey response rate of 88.2%.

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 2024 to March 2025.

Data Collected

Establishments were asked if they provided a built-in wage increase to employees earning a gross monthly wage of up to $2,500, 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 2025.

Analysis

Findings on wage changes of lower-wage employees in the private sector in 2024 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 Adjustments and Adoption of NWC Guidelines for Lower-Wage Employees 2024

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.

____

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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?

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

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