

National Business Survey 2025

MANPOWER & WAGES EDITION



About this Study

The National Business Survey (NBS) is the flagship survey of the Singapore Business Federation (SBF).

Administered quarterly, the SBF National Business Survey 2025 – Manpower and Wages Edition provides fresh and pertinent insights into the manpower strategies adopted by businesses, as well as concerns and issues related to manpower and wages that may be faced by the Singapore business community.





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Support Needed

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& Career Planning

RESPONDENT PROFILE

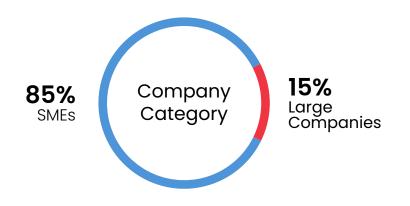
The survey was carried out from 25 June to 18 July 2025 and drew responses from 555 businesses across all key industries.

The sample included both SMEs (85%) and large companies (15%) and largely mirrors SBF's membership base.

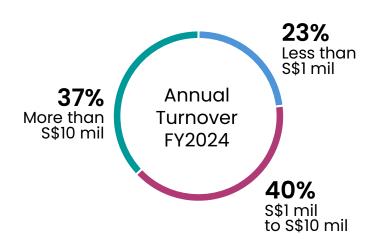
	SBF Database	Q2 2025
Wholesale Trade	20%	19%
Other Financial and Insurance Activities (e.g. Holding/Investment companies)	14%	13%
Manufacturing (e.g. Food, Textiles, Paper products, Chemicals, Metals etc.)	11%	14%
Professional Services	11%	12%
IT & Related Services	8%	6%
Construction and Civil Engineering	8%	10%
Banking & Insurance	7%	6%
Logistics & Transportation	5%	5%
Administrative and Support Service Activities	4%	4%
Retail Trade	3%	2%
Hotels, Restaurants & Accommodations	3%	1%
Real Estate Activities	2%	2%
Others*	1%	1%
Health and Social Services	1%	1%
Education	1%	2%
Other Service Activities	1%	2%
TOTAL	100%	100%



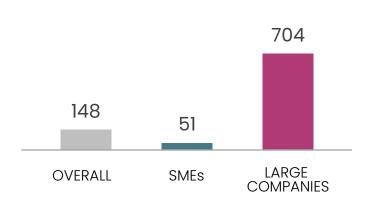
COMPANY PROFILE



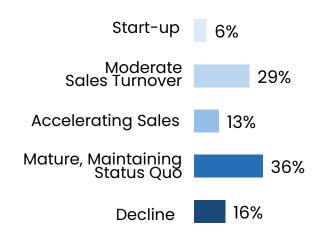




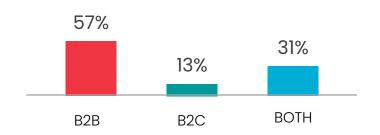
Avg. Employee Size



Stage of Development



Main Mode of Business





EXECUTIVE SUMMARY 1/14

Business Outlook

- Business satisfaction with the current state of the economy has dipped from 35% to 33%, and more businesses expect conditions to worsen (35%) over the next 12 months than to improve (14%).
- Businesses in the Hotels, Restaurants & Accommodations, Administrative & Support Services and IT & Related Services sectors have a more bearish outlook, while those in the Health & Social Services and Education sectors are slightly more optimistic about the economy in the next 12 months. Notably, the Hotels, Restaurants & Accommodations sector reports the lowest overall Business Sentiment Index score among all sectors.
- The impact of U.S tariffs on businesses appears to have eased, with the proportion of businesses rating the impact as "very negative" declining from 81% in April 2025 to 59% in June 2025. However, these findings reflect sentiment before the updated tariffs announced on 1 August 2025, as the survey period ran from 25 June to 18 July 2025.
- More businesses express dissatisfaction (33%) with the global business climate compared to satisfaction (12%).

EXECUTIVE SUMMARY 2/14

Business Sentiment Index

- The Business Sentiment Index (BSI) measures business confidence in Singapore, offering key insights into business trends such as cost and revenue expectations, hiring, business expansion and capital investment, in a shifting economic landscape. The Index comprises of 11 key components, each assigned a fixed weight to ensure consistent interpretation and comparability.
- Overall BSI stands at <u>55.4</u>, a decrease of 1.1 points from 56.5 in Q1 2025. This reflects rising cautious sentiment among businesses amid ongoing global economic uncertainty. The Health & Social Services (59.7), Banking & Insurance (58.1) and Real Estate Activities (57.7) sectors show a more optimistic sentiment, whereas the Hotels, Restaurants & Accommodations sector (49.0) remains more cautious.
- A) **Revenue expectations** stands at <u>53.3</u>, decreasing from 55.3 in Q1 2025 as businesses adopt a more cautious stance on revenue performance. <u>Highest revenue expectations</u>: Banking & Insurance and Other Financial & Insurance Activities sectors. <u>Lowest revenue expectations</u>: Hotels, Restaurants & Accommodations, Retail Trade and Education sectors.
- B) Profitability expectations stands at 51.4, declining from 53.7 in Q1 2025. Businesses are showing signs of growing caution around profitability. Highest profitability expectations: Banking & Insurance and Health & Social Services sectors. Lowest profitability expectations: Hotels, Restaurants & Accommodations, Professional Services and Retail Trade sectors.

EXECUTIVE SUMMARY 3/14

Business Sentiment Index

- C) Business Expansion outlook stands at 59.1, down from 61.6 in Q1 2025, signaling softer growth sentiment. Most positive business expansion outlook: Health & Social Services, Retail Trade and IT & Related Services sectors.

 Least positive business expansion outlook: Logistics & Transportation, Admin & Support Service Activities and Construction & Civil Engineering sectors.
- D) Operational Capacity Utilisation holds steady at <u>56.2</u>, close to 56.5 in Q1 2025, suggesting business operations are near optimal levels. <u>Highest operational capacity utilisation</u>: Health & Social Services, Logistics & Transport and Real Estate sectors. <u>Lowest operational capacity utilisation</u>: Administrative & Support Service Activities, Hotels, Restaurants & Accommodations and Construction & Civil Engineering sectors.
- E) **Hiring outlook** dips to <u>56.6</u> from 57.7 in Q1 2025., reflecting increased caution in workforce expansion. <u>Most optimistic hiring outlook</u>: Health & Social Services, Real Estate Activities and Administrative & Support Service Activities sectors. <u>Least optimistic hiring outlook</u>: Education, Hotels, Restaurants & Accommodations and IT & Related Services sectors.
- F) Capital Investment outlook remains stable at <u>56.9</u>, in line with 57.0 in Q1 2025, indicating that most businesses plan to maintain their current infrastructure and systems investment. <u>Highest level of capital investment</u>: Health & Social Services and Retail Trade sectors. <u>Lowest level of capital investment</u>: Education and Construction & Civil Engineering sectors.

EXECUTIVE SUMMARY 4/14

Business Sentiment Index

- G) Cost expectations fell sharply from 68.0 in Q1 2025 to <u>56.7</u>. This easing accompanies softer growth expectations, reduced hiring intentions, and stable capital investment, collectively easing upward pressure on business costs. <u>Highest cost expectations</u>: Administrative & Support Service Activities and Education sectors. <u>Lowest cost expectations</u>: Real Estate Activities and Banking & Insurance sectors.
- → H) Ease of access to financing dipped marginally to 54.6 from 55.4 in Q1 2025. reflecting moderate credit availability. Greatest access to financing: Health & Social Services and Real Estate Activities sectors. Least access to financing: Hotels, Restaurants & Accommodations and Professional Services sectors.
- I) Supply Chain & Operational Resilience weakened to 57.4, from 59.1 in Q1 2025, indicating that while businesses remain prepared to manage supply chain disruptions, their resilience has slightly diminished. Most prepared: Logistics & Transportation and Retail Trade sectors. Least prepared: Health & Social Services and Construction & Civil Engineering sectors.
- J) Business growth confidence level stands at 56.1, down slightly from 56.7 in Q1 2025, reflecting continued caution amid current economic conditions. Most optimistic: Health & Social Services and Banking & Insurance sectors. Least optimistic: Hotels, Restaurants & Accommodations and Administrative & Support Services sectors.

EXECUTIVE SUMMARY 5/14

Business Sentiment Index

★ K) Sentiment towards Government Policies stands at 57.9, down slightly from 58.6 in Q1 2025. Large companies (60.7) are more upbeat on government policies than SMEs (57.4). Most optimistic: Health & Social Services and Banking & Insurance sectors. Least optimistic: Hotels, Restaurants & Accommodations and Retail Trade sectors.

EXECUTIVE SUMMARY 6/14

Manpower Challenges & Support Needed

- Challenges in upskilling/reskilling emerges as the second major challenge, with the proportion of businesses citing it as a concern rising from 25% to 47%. Although the proportion of companies citing rising manpower costs and foreign manpower policies that increase costs has declined over the years, these remain among the top five challenges.
- The removal of the maximum employment period and the raising of the maximum employment age for work permit holders are the foreign workforce policy changes with the most positive impact. Conversely, the increases in S pass qualifying salaries for both new and renewal applications are viewed as having the most negative impact.
- Construction & Civil Engineering (62%), IT & Related Services (56%) and Manufacturing (54%) sectors are most negatively impacted by the increase in S pass qualifying salary for new applications, while Hotels, Restaurants & Accommodations (67%), Health & Social Services (67%) and IT & Related Services (63%) sectors are most negatively impacted by the increase in S pass qualifying salary for renewal applications.
- To cope with the negative impact from foreign workforce policy changes, the top strategies adopted by companies include expanding recruitment to hire locals (43%), increasing wages to attract locals (40%) and outsourcing to local third-party contractors (35%).

EXECUTIVE SUMMARY 7/14

Manpower Challenges & Support Needed

- Businesses face more challenges in hiring fresh graduates, due to limited practical work experience (58%), insufficient industry-specific knowledge (55%), compensation expectations exceed the company's budget (55%) and not having the required skills or competencies for the role (53%). The top hiring challenge for both mid-career employees and mature employees (aged 50 and above) is that their compensation expectations exceed the company's budget.
- Providing competitive employee salary and benefits package, as well as professional development and training opportunities are among the top hiring strategies across all employee segments. Offering flexible work arrangement also appeals to mature employees (aged 50 and above) (56%) and midcareer employees (50%).
- The top 3 forms of support needed to cope with manpower challenges are policy review to improve labour market flexibility (54%), financial support for workforce transformation (42%) and more channels to share feedback on policies and regulatory barriers (29%).
- Support programmes for upskilling and reskilling employees (37%) and for hiring new employees (17%)
 are most widely utilised by companies.

EXECUTIVE SUMMARY 8/14

Hiring & Retention of Workforce

- Hiring outlook softens, as 36% of businesses expect to increase their full-time employee base in the next 12 months, down from 40% in 2024. However, 55% of businesses will maintain their current staffing levels.
- The proportion of large companies that plan to increase headcount has increased from 35% in 2024 to 41% in 2025, while the proportion of SMEs that plan to increase headcount has decreased from 42% in 2024 to 36% in 2025.
- ♦ 18.6% of companies experienced an increase in headcount in the last 12 months and expect to further increase in the next 12 months. The top 3 sectors in this category are Health & Social Services (75%), Logistics & Transportation (47%) and Construction & Civil Engineering (45%). Conversely, 2.9% of companies experienced a decrease in headcount in the last 12 months and expect to further decrease in the next 12 months. The top 3 sectors in this category are Education (33%), Retail Trade (22%) and Hotels, Restaurants & Accommodations (20%).
- Only 18% of businesses have fully adopted skills-first hiring practices. Among the businesses that did not fully implement skills-first hiring, the key barriers are uncertainty over whether candidates with adjacent skills are able to perform the tasks (42%) and the need for more training for a candidate with adjacent skills compared to one hired based on experience (32%). Key support measures needed include financial grants to implement skills-first hiring (44%) and skills-based recruitment portals for skills-matching between employers and job seekers (33%).

EXECUTIVE SUMMARY 9/14

Wage Practices & Policies

The proportion of businesses intending to raise wages in the next 12 months has fallen to 59%, down from 64% in 2024. 53.5% of companies had increased wages in the last 12 months and will continue to increase wages in the next 12 months.

The percentage of businesses intending to freeze wages in the next 12 months has increased from 35% in 2024 to 41% in 2025. More SMEs (43%) plan to hold wages steady as compared to large companies (28%).

90% of businesses have not fully implemented Flexible Wage System (FWS), comprising both the Monthly Variable Component and Annual Variable Component, primarily because wages are already sufficiently variable without it.

The top areas of support needed to implement the FWS are more guidance, technical and compliance support for implementation (42%) and financial incentives to offset potential increases in variable wages (42%).

Nearly 2 in 3 businesses (61%) have adopted the National Wages Council's guidelines. Prioritising other business aspects of the company (33%), lack of awareness or limited understanding of the wage guidelines (27%) and insufficient resources to implement the wage guidelines (27%) are the key barriers among the 39% of businesses that have not adopted the NWC guidelines. Support required include financial assistance and subsidies (43%) and incentives to offset other business costs in other areas (42%).

EXECUTIVE SUMMARY 10/14

Support for Lower-Wage Workers (LLW)

- 2 in 3 businesses (66%) intend to raise wages for lower-wage workers in the next 12 months, up from 64% in 2024, while 34% plan to keep wages steady for lower-wage workers, slightly down from 35% in 2024.
- More large companies (69%) plan to increase wages for lower-wage workers than SMEs (65%).
- 57% of businesses have adopted the National Wages Council's recommended wage increase for lower-wage workers, an increase of 6%-points from 51% in 2024. The top reasons for not giving the recommended wage increase are paying lower-wage workers at market rate (42%), the company not performing well (36%), and concerns over the impact on business costs (34%).
 - Financial assistance and subsidies (58%) and incentives to offset other business costs in other areas (50%) are the key support needed for implementation of wage increases for all lower-wage workers.
 - 32% of businesses have adopted Progressive Wage Model (PWM) guidelines this year, down from 39% in 2024. Key PWM practices adopted include upgrading workers' skills and competencies through training and certification (66%), tapping on technology and job redesign to improve labour productivity and effectiveness of work (36%) and implementing productivity-based wage progression pathways and sustainable real wage increments (34%).

EXECUTIVE SUMMARY 11/14

Support for Lower-Wage Workers (LLW)

- Improved level of motivation of lower-wage workers (28%), higher retention rate (20%) and heightening of company's profile as a progressive employer to clients and service buyers (20%) are the key benefits of implementation of Progressive Wage Model.
- Among businesses that have implemented the PWM, 74% faced challenges, including the high cost of progressive wage which may affect costs and business competitiveness (40%) and difficulty finding time for workers to attend training due to lack of manpower (29%).
- Among businesses that have not implemented the PWM, the key barriers to PWM implementation include unsure of how or what to do to implement it (27%), difficulty in meeting the high cost involved (25%) and not aware of PWM (22%).
- Key support required are more financial support schemes (65%), accessible and convenient training for workers (36%) and guided support for companies implementing PWM (35%).

EXECUTIVE SUMMARY 12/14

Workforce Skills Development & Career Planning

- 2 in 3 businesses (66%) have trained/upskilled/reskilled their staff in the last 12 months, down from 71% in 2024. Among these businesses, 61% provided structured training from Government-related programmes, 67% provided structured training from non-Government-related programmes and 78% provided nonstructured/informal training.
- In the next 12 months, 70% of businesses plan to train/upskill/reskill their staff, down from 74% in 2024. Among these businesses, 64% plan to provide structured training from Government-related programmes, 69% plan to provided structured training from non-Government-related programmes and 80% plan to provide nonstructured/informal training.
- Key areas of employee training include specialised skills needed for job role (61%), leadership and management skills (47%) and analytical, conceptual, evaluative and problem-solving skills (45%).
- The top challenges faced by businesses when investing in employee training are concern about cost of training (48%), limited manpower to cover for staff who are undergoing training (48%), difficulty in measuring the Returns on Investment (ROI) on training programmes (31%) and concern that employees may leave before training yields benefits (31%).

EXECUTIVE SUMMARY 13/14

Workforce Skills Development & Career Planning

- Key areas of support needed to mitigate the challenges for training staff include support schemes that defray the cost of training (41%), more flexible and accessible training programmes (39%) and financial assistance/incentives to offset business costs in other areas (39%).
- Around 1 in 3 businesses (31%) have provided career planning to their employees in the last 12 months.

 Businesses that have offered structured career planning in the last 12 months reported better employee morale or engagement (77%), more effective workforce planning (62%) and higher retention rates (58%).
- The primary reasons for not offering structured career planning are lack of awareness of the need for structured career planning (23%) and uncertainty over how to conduct/implement structured career planning (21%).
- The key support needed for implementing structured career planning include guidance on how to effectively implement (46%), financial assistance and subsidies (43%), provision of subsidised training on structured career planning (43%) and financial assistance to offset business costs in other areas (42%).

EXECUTIVE SUMMARY 14/14

Workforce Skills Development & Career Planning

- 30% of businesses have implemented job redesign in the last 12 months. Among these businesses, they have implemented job redesign in areas such as productivity/innovation (63%), digitalisation (40%), sustainability (34%) and internationalisation (15%).
- The key challenges to job redesign are employees may be resistant to change (42%), need to upskill staff to meet new or revised job scope (29%) and the company lacking the resources for successful implementation (27%).
- 67% of local employees express a positive attitude towards foreigners in 2025, up from 59% in 2024, with 56% describing interactions as welcoming and inclusive or collaborative. Only 4% feel that foreigners are viewed by their local employees as competitive, down from 7% in 2024.
- Key policies to integrate foreign and local workforce include cross-functional teams (41%), community and cultural integration activities (30%) and diversity, equity and inclusion HR policies (25%).



Business Outlook



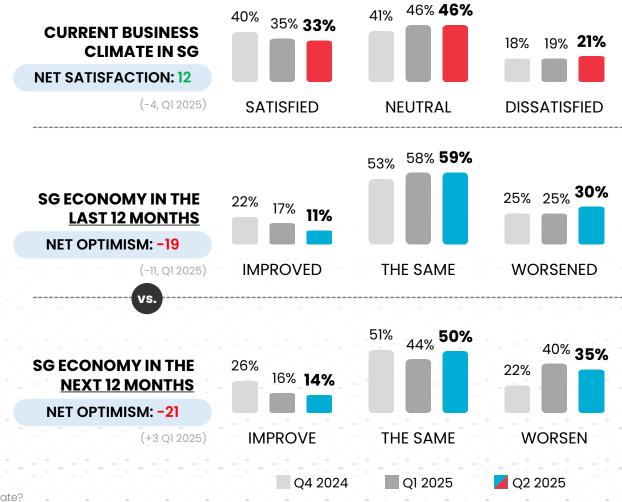


Satisfaction with current business conditions dips slightly, and forward-looking expectations are cautious

Business sentiment is stable for now, but limited confidence in economic upturn points to a cautious outlook amid global volatility

Confidence in economic growth is weak, with only 14% of businesses expecting economic improvement in the next 12 months. 50% foresee no change in conditions, and over a third (35%) expect a downturn.

Business Sentiment In Singapore

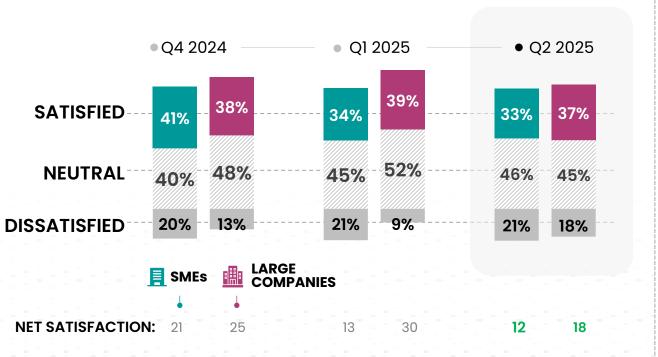




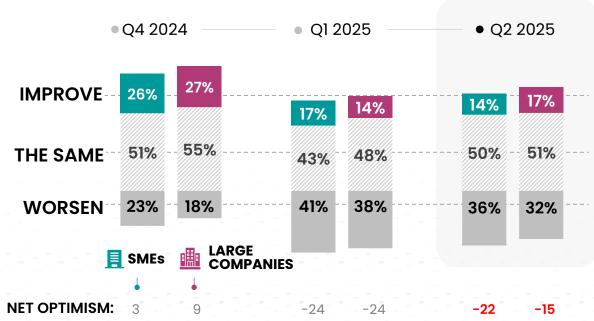


Forward-looking confidence remains weak among both SMEs and Large Companies

OUTLOOK ON <u>CURRENT</u> BUSINESS CLIMATE



OUTLOOK ON NEXT 12 MONTHS







Bearish sectors include Hotels, Restaurants & Accommodations, Administrative and IT-related industries, which report weak economic outlook for the next 12 months

		PAST 12 MONTHS		NEXT 12 MONTHS			
Base, n	Base, n=		THE SAME	IMPROVED	WORSEN	THE SAME	IMPROVE
8*	Hotels, Restaurants & Accommodations	75%	25%	0%	63%	38%	0%
23*	Administrative & Support Service Activities	26%	74%	0%	48%	52%	0%
33	IT & Related Services	33%	55%	12%	45%	42%	12%
9*	Education	11%	89%	0%	44%	33%	22%
75	Manufacturing (e.g. Food, Textiles, Paper products, Chemicals, Metals etc.)	47%	49%	4%	41%	48%	11%
107	Wholesale Trade	28%	62%	10%	36%	49%	15%
11*	Retail Trade	27%	73%	0%	36%	55%	9%
65	Professional Services	26%	68%	6%	34%	52%	14%
56	Construction & Civil Engineering	27%	61%	13%	32%	57%	11%
29*	Logistics & Transportation	34%	52%	14%	31%	48%	21%
10*	Real Estate Activities	40%	60%	0%	30%	70%	0%
34	Banking & Insurance	26%	56%	18%	29%	59%	12%
74	Other Financial and Insurance Activities (e.g. Holding/Investment companies)	24%	57%	19%	27%	50%	23%
4*	Health & Social Services	25%	50%	25%	25%	50%	25%
8*	Others	38%	38%	25%	25%	50%	25%
9*	Other Service Activities	0%	44%	56%	22%	33%	44%

*Caveat: Low sample size limits statistical robustness, and results should be interpreted as directional insights.



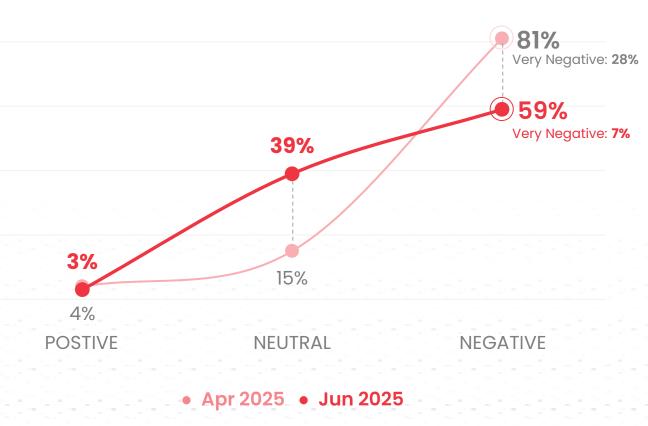


🔷 Initial shock from U.S. tariffs appears to be easing, with a decline in the proportion of businesses reporting negative impact from the current tariff measures

Businesses sentiment show early signs of stabilising, though 59% of business remain exposed to the ongoing impact of tariffs

39% of businesses seeing neutral impact current set of tariffs, and the proportion experiencing very negative impact has declined to 7%, down from 28% in April 2025.

Impact of Recent U.S. Tariff Changes on Businesses*



*Data reflects sentiment between 25 June to 18 July 2025, before the announcement of updated tariff measures on Singapore and Southeast Asian countries on 1 August 2025.

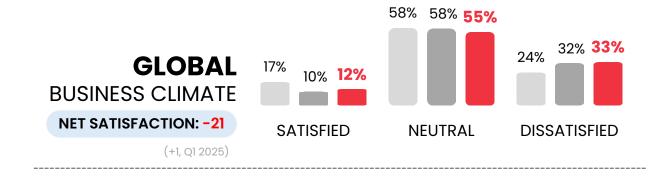


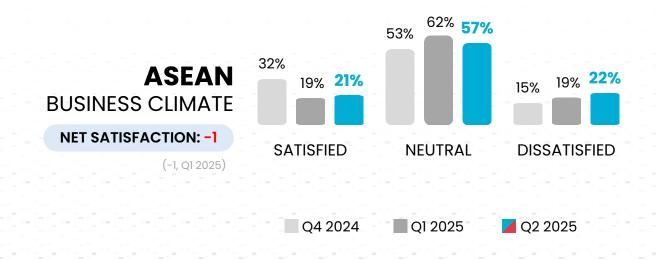


Business Sentiment on Global & Regional Economic Climate

Low satisfaction with global business conditions persist in Q2 2025, indicating ongoing uncertainty and expectations of headwinds

Sentiments towards the ASEAN business environment also remain muted, underscoring how macro-level uncertainties are dampening confidence across both global and ASEAN markets.









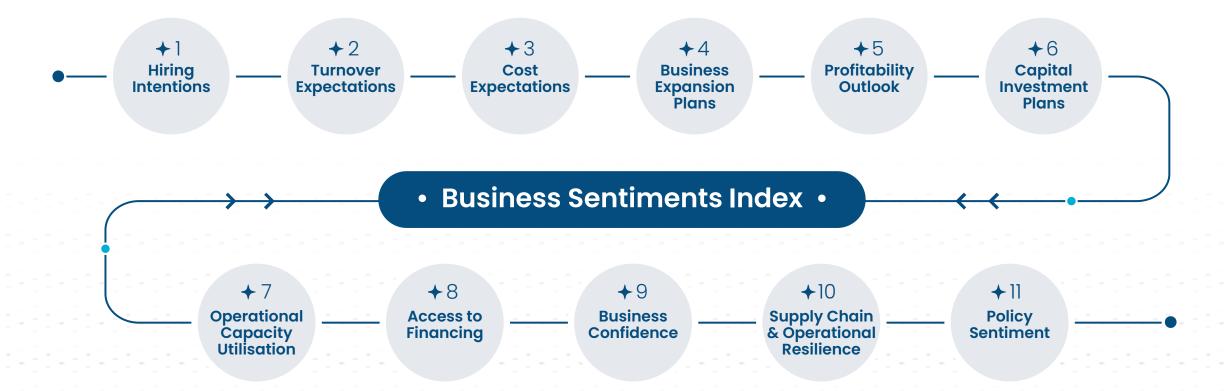
Business Sentiment Index





The **Business Sentiment Index (BSI)** measures business confidence in Singapore, offering insights into revenue, hiring, and investment trends to support informed decision-making in a shifting economic landscape.

The index comprises of **11 key business sentiment** components. Each component is assigned a **fixed weight** to ensure consistent interpretation and comparability.







Interpreting the Business Sentiment Index:

- Index scores are shown within the range of 1 to 100.
- Scores above 60 signal positive business sentiments such as optimism for expansion and economic confidence.
- Scores between 40 59 suggest a neutral sentiment, where businesses look to maintain operations with minimal changes or neutral about level of support provided.
- Scores below 40 indicate negative business sentiments or pessimistic economic outlook, with businesses prioritising risk management and fiscal responsibility.
- An exception to the above is the Cost Expectations component, which is shown in the next slide.

BSI Score	Interpretation
80 - 100	Strong Business Confidence & Expansionary Growth – Businesses are highly optimistic, indicating strong revenue growth, increased investments, and active hiring. Economic conditions are perceived as highly favourable.
60 - 79	Moderate Optimism & Stable Growth – Businesses remain positive about future prospects, with steady expansion, moderate hiring, and sustained investments. The overall economic outlook is stable with potential for growth.
40 - 59	Neutral Business Sentiment – Businesses adopt a wait-and-see approach, with stable operations but limited expansion. Economic conditions are perceived as neither improving nor worsening significantly.
20 - 39	Cautious or Slightly Negative Outlook – Businesses express concerns over market conditions, leading to reduced investments, hiring slowdowns, and cautious financial planning. Economic uncertainty is evident.

Strong Business Pessimism & Contractionary Phase – Businesses face

reductions, and cutbacks in capital investment. Economic conditions

significant challenges, including declining révenue, workforce

are perceived as deteriorating.





Cost Expectations Sub-Index Reading Guide

Interpreting the Cost Expectations Sub-Index:

- Index scores are shown within the range of 1 to 100.
- Scores above 60 signal negative business sentiment, where businesses anticipate rising business costs.
- Scores between 40 59 reflects a neutral sentiment, with no major cost changes anticipated.
- Scores below 40 signal positive business sentiments, where businesses anticipate a decrease in business costs.

Cost Index	Interpretation
80 - 100	Strong Business Pessimism & Contractionary Outlook –Businesses expect significant cost pressures, indicating a challenging environment for growth.
60 - 79	Cautious or Slightly Negative Outlook – Businesses express concerns over rising cost pressures, leading to reduced investments, hiring slowdowns, and cautious financial planning.
40 - 59	Neutral Business Sentiment – Businesses do not anticipate major shifts in costs, indicative of stable operations.
20 - 39	Moderate Optimism & Expectations of Lowering Cost Pressures – Businesses expect some easing in cost pressures, suggesting potential for improved margins.
1 - 19	Strong Business Confidence & Expansionary Growth – Businesses are highly optimistic, expecting significant relief from cost pressures and are likely to pursue growth.





Business Sentiment Index

The **Business Sentiment Index decreased** by 1.1 pts in Q2 2025, reflecting **rising caution** among businesses, despite Singapore's positive economic performance in Q1. This suggests that **external uncertainties are impacting local business sentiment**, particularly among SMEs, whose outlook softened by 1.2 pts in Q2. Looking across sectors, Banking & Insurance and Real Estate Activities sectors are more upbeat, while Professional Services, Admin & Support Service Activities, and Hotels, Restaurants & Accommodations sectors are less positive.

OVERALL BSI PERFORMANCE → TOP 3 SECTORS **♦ BOTTOM 3** SECTORS Health & Social Hotels, Restaurants Admin& Support Professional Banking & Real Estate **OVERALL SME Large Company** Services Insurance **Activities** & Accomm Service Activities Services N=8* N = 23*N = 65N=555 N = 473N = 34N = 82N = 4*N=10***54.3 59.7** 61.2 58.1 57.0 **56.8** 57.0 **57.7** 57.4**53.0** 56.5 55.4 56.4 **55.2** 55.653.6 52.249.0



Business sentiment declined across most sectors in Q2 2025, with only a few exceptions. Real Estate,
Manufacturing, and Wholesale Trade reported slight uptick in sentiment,
likely driven by stronger demand under current economic conditions.
In contrast, majority of other sectors saw reduced optimism and a shift toward greater caution

BSI: 55.4

Base,	Q2 2025	Q1 2025	Q2 2025	CHANGE
9*	Other Service Activities	50.9	61.8	A
4*	Health & Social Services	54.3	59.7	A
8*	Others*	58.0	58.4	A
34	Banking & Insurance	61.2	58.1	▼
10*	Real Estate Activities	57.0	57.7	A
74	Other Financial & Insurance Activities	57.6	56.5	V
75	Manufacturing	55.3	55.7	<u> </u>
107	Wholesale Trade	55.5	55.6	
11*	Retail Trade	54.3	55.3	A
33	IT & Related Services	58.1	55.1	▼
29*	Logistics & Transportation	57.1	55.0	•
56	Construction & Civil Engineering	57.8	54.0	•
9*	Education	60.5	53.7	_
65	Professional Services	55.6	53.6	- 🔻 -
-23*	Administrative & Support Service Activities	57.4	53.0	
- 8*	Hotels, Restaurants & Accommodations	52.2	49.0	



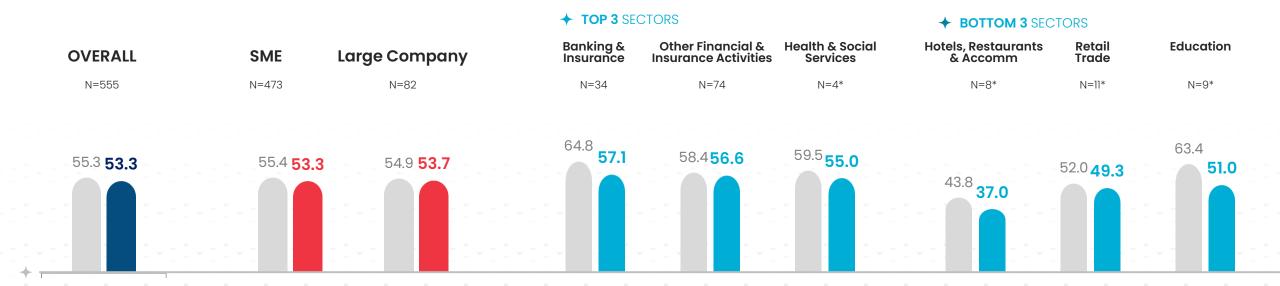
Deep-Dive into Business Sentiment Index Sub-Components

Revenue outlook weakened in Q2 2025, standing at 53.3 and dipping below the Q1 score of 55.3. Revenue expectations softened as businesses adopt a more **cautious stance** amid continued global uncertainty. The decline spans both SMEs and Large Companies, highlighting **widespread softening**. Banking & Insurance, Other Financial & Insurance Services, and Health & Social Services sectors remain relatively upbeat, contrasting with muted expectations in Hotels, Restaurants, and Accommodations, Retail Trade and Education sectors.

REVENUE EXPECTATIONS

Q1′25









REVENUE EXPECTATIONS BY SECTORS

Q2 2025 saw a **broad-based decline** in **revenue expectations**, with nearly all sectors reporting a more subdued outlook relative to Q1.

OVERALL: 53.3

Base, Q2 202	5	Q1 2025	Q2 2025	CHANGE
8*	Others*	65.3	57.3	▼
34	Banking & Insurance	64.8	57.1	▼
74	Other Financial & Insurance Activities	58.4	56.6	▼
4*	Health & Social Services	59.5	55.0	▼
56	Construction & Civil Engineering	58.4	54.2	▼
9*	Other Service Activities	49.3	54.0	A
75	Manufacturing	54.6	53.3	▼
107	Wholesale Trade	53.3	53.1	▼
33	IT & Related Services	56.3	52.3	_
23*	Administrative & Support Service Activities	55.5	52.3	
29*	Logistics & Transportation	51.4	51.6	A
65	Professional Services	52.2	51.5	•
10*	Real Estate Activities	60.4	51.4	_
9*	Education	63.4	51.0	
11*	Retail Trade	52.0	49.3	
8*	Hotels, Restaurants & Accommodations	43.8	37.0	









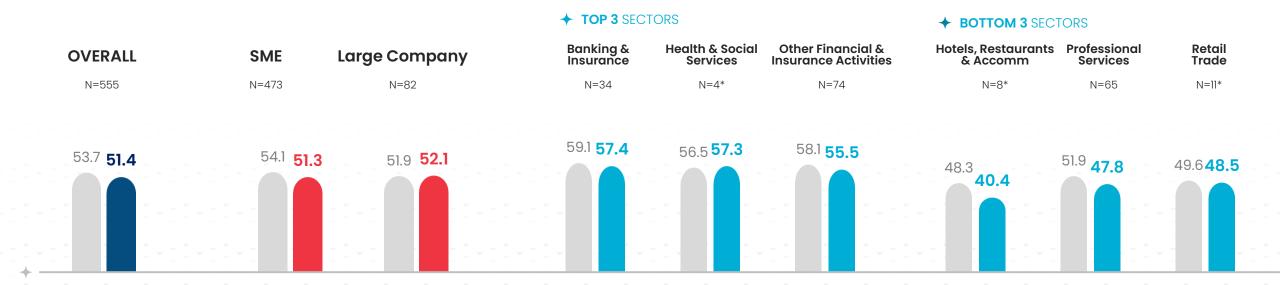
Deep-Dive into Business Sentiment Index Sub-Components

Businesses are showing signs of **growing caution around profitability**, with sentiment falling to 51.4 in Q2 2025 (down from 53.7 in Q1). SMEs in particular saw a sharper drop, from 54.1 to 51.3. Sectors such as Banking & Insurance, Health & Social Services, and Other Financial & Insurance Activities remain resilient, while sectors such as Hotels, Restaurants & Accommodations, Professional Services and Retail Trade report higher profitability pressures.

PROFITABILITY EXPECTATIONS

• Q1′2!

Q2'25





PROFITABILITY EXPECTATIONS BY SECTORS

Profitability sentiment declined across majority of sectors in Q2 2025, with the exception of Health & Social Services and Wholesale Trade, which reported optimistic outlook.

OVERALL: 51.4

,, Base, Q2 20	25	Q1 2025	Q2 2025	CHANGE
34	Banking & Insurance	59.1	57.4	▼
8*	Others*	56.3	57.3	A
4*	Health & Social Services	56.5	57.3	A
74	Other Financial & Insurance Activities	58.1	55.5	▼
9*	Other Service Activities	46.0	55.0	A
10*	Real Estate Activities	60.4	54.1	▼
107	Wholesale Trade	51.4	52.5	<u> </u>
33	IT & Related Services	56.5	50.9	▼
56	Construction & Civil Engineering	56.1	49.9	▼
29*	Logistics & Transportation	50.7	49.7	▼
75	Manufacturing	52.6	49.5	▼
23*	Administrative & Support Service Activities	51.4	49.1	
9*	Education	60.8	49.0	
11*	Retail Trade	49.6	48.5	
- 65	Professional Services	-51.9 -	47.8	
8*	Hotels, Restaurants & Accommodations	48.3	40.4	



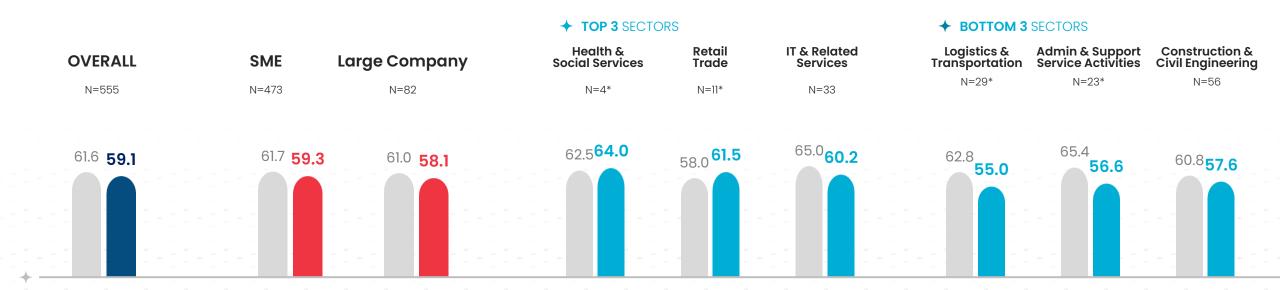
Deep-Dive into Business Sentiment Index Sub-Components

Growth sentiment shows a **slight dip** of 1.5 pts in Q2 2025, reflecting **dampening impact on growth** amid uncertainty towards U.S. tariff measures and volatility in global economic conditions. Greater caution is seen among both SMEs and Large Companies. Higher willingness to seek expansion is reported by sectors such as Health & Social Services, Retail Trade, and IT & Related Services, while sectors such as Construction & Civil Engineering, Admin & Support Service Activities, and Logistics & Transportation ore more cautious.

OUTLOOK ON BUSINESS EXPANSION









OUTLOOK ON BUSINESS EXPANSION BY SECTORS

Amid an overall climate of caution, sectors such as Health & Social Services, Retail Trade, Manufacturing, and Hotels, Restaurants & Accommodations report stronger willingness to pursue expansion in Q2 2025.

OVERALL: 59.1

·	Base, Q2 20	025	Q1 2025	Q2 2025	CHANGE
	9*	Other Service Activities	58.3	65.0	A
	4*	Health & Social Services	62.5	64.0	A
	11*	Retail Trade	58.0	61.5	A
	8*	Others*	60.1	60.6	A
	33	IT & Related Services	65.0	60.2	▼
	75	Manufacturing	58.9	60.2	A
	107	Wholesale Trade	61.8	59.7	▼
	8*	Hotels, Restaurants & Accommodations	55.0	59.5	A
	74	Other Financial & Insurance Activities	62.3	59.4	▼
	34	Banking & Insurance	65.6	59.2	
	9*	Education	66.6	59.0	▼
	10*	Real Estate Activities	60.4	58.6	▼
	65	Professional Services	61.1	58.3	
	56	Construction & Civil Engineering	60.8	57.6	
	-23*	Administrative & Support Service Activities	65.4	56.6	
	29*	Logistics & Transportation	62.8	55.0	

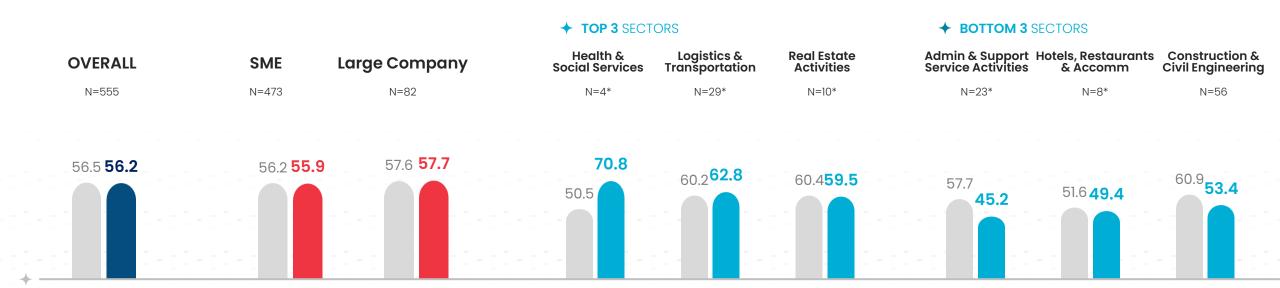




Level of operational capacity utilisation index stands at 56.2 and is **largely consistent** with Q1 at 56.5. Indicating most businesses are not facing strain with current production capacity. However, specific sectors such as Health & Social Services, and Logistics & Transportation show signs of rising capacity pressure. Signaling the need to expand operational capacity to manage growing demand or maintain service levels.

OPERATIONAL CAPACITY UTILISATION









OPERATIONAL CAPACITY UTILISATION BY SECTORS

Service sectors make up a majority of those reporting increased operational capacity usage in Q2 2025. Manufacturing report an increase of 3.3 pts, potentially driven by a temporary boost from front-loading of orders and production.

OVERALL: 56.2

Base,	Q2 2025	Q1 2025	Q2 2025	CHANGE
4*	Health & Social Services	50.5	70.8	A
9*	Other Service Activities	50.1	66.0	A
29*	Logistics & Transportation	60.2	62.8	A
8*	Others*	55.0	61.8	A
10*	Real Estate Activities	60.4	59.5	▼
9*	Education	58.2	59.0	A
34	Banking & Insurance	53.4	58.7	A
75	Manufacturing	53.3	56.6	A
107	Wholesale Trade	56.2	56.5	
74	Other Financial & Insurance Activities	55.8	56.1	
1]*	Retail Trade	53.2	55.8	
33	IT & Related Services	57.3	55.8	
65	Professional Services	57.4	54.7	
56	Construction & Civil Engineering	60.9	53.4	V
8*	Hotels, Restaurants & Accommodations	51.6	49.4	
23*	Administrative & Support Service Activities	57.7	45.2	





Amid growth and revenue pressures, businesses report a **dip hiring sentiments** to 56.6 in Q2 2025, down from 57.7 in Q1. Indicating a growing cautiousness to **maintain current workforce size** over the next six months, with limited plans to increase headcount, especially among SMEs. However, rising hiring sentiment is seen in the Health & Social Services and Real Estate Activities sectors, while contractionary outlook is reported by sectors such as IT & Related Services Hotels, Restaurants & Accommodations, and Education.

HIRING OUTLOOK

Q1'25Q2'25





HIRING OUTLOOK BY SECTORS

Workforce expansion sentiment is mainly observed in Health & Social Services, Real Estate Activities, and Wholesale Trade sectors in Q2 2025, while most other sectors indicated a contractionary outlook.

OVERALL: 56.6

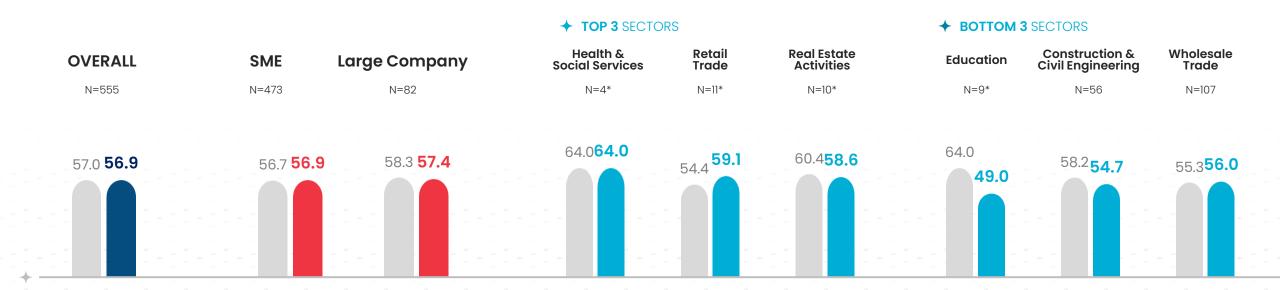
Base,	Q2 2025	Q1 2025	Q2 2025	CHANGE
4*	Health & Social Services	59.5	61.8	A
10*	Real Estate Activities	56.8	59.5	A
9*	Other Service Activities	55.0	58.0	A
23*	Administrative & Support Service Activities	60.0	57.7	▼
56	Construction & Civil Engineering	59.9	57.6	▼
]]*	Retail Trade	57.4	57.5	A
34	Banking & Insurance	59.9	57.1	V
107	Wholesale Trade	54.7	57.1	A
74	Other Financial & Insurance Activities	58.0	56.9	V
29*	Logistics & Transportation	59.0	56.6	V
8*	Others*	58.9	56.1	V
75	Manufacturing	56.1	55.8	V
65	Professional Services	56.3	55.7	
33	IT & Related Services	61.8	54.7	
8*	Hotels, Restaurants & Accommodations	67.4	51.6	
9*	Education -	60.1	51.0	



The **capital investment outlook remains stable** at 56.9 in Q2 2025, consistent with Q1 at 57.0, suggesting that most businesses intend to maintain rather than significantly scale up their infrastructure and systems investment over the next six months. Health & Social Services and Retail Trade sectors reported more positive outlook on pursing capital investment, while Construction & Engineering, and Education sectors are less upbeat.

OUTLOOK ON CAPITAL INVESTMENT







OUTLOOK ON CAPITAL INVESTMENT BY SECTORS

Service sectors such as Retail Trade, Other Financial & Insurance Activities report a rise in positive outlook in Q2 2025 towards pursuing capital investment in the next 6 months.

OVERALL: 56.9

Base,	Q2 2025	Q1 2025	Q2 2025	CHANGE
9*	Other Service Activities	51.7	67.0	A
4*	Health & Social Services	64.0	64.0	_
8*	Others*	64.0	59.5	▼
11*	Retail Trade	54.4	59.1	A
10*	Real Estate Activities	60.4	58.6	▼
75	Manufacturing	57.8	58.6	A
34	Banking & Insurance	60.7	57.9	▼
74	Other Financial & Insurance Activities	56.3	57.6	A
23*	Administrative & Support Service Activities	63.6	56.6	V
65	Professional Services	54.1	56.5	
33	IT & Related Services	56.3	56.4	
29*	Logistics & Transportation	58.3	56.2	V
8*	Hotels, Restaurants & Accommodations	44.9	56.1	_
- 107	Wholesale Trade	55.3	56.0	
56	Construction & Civil Engineering	58.2	54.7	
9*	Education	64.0	49.0	





Cost pressure expectations is easing in Q2 2025, decreasing from 68.0 in Q1 2025 to 56.7 in Q2. This easing is occurring alongside softening growth ambitions, hiring contraction, and plateauing capital investment, which together reduce upward pressure on business costs. While most businesses now expect cost conditions to remain stable, sectors more optimistic about pursuing growth (such as Banking and Real Estate Activities) maintain relatively higher cost expectations, whereas more cautious sectors prioritise cost containment.

COST EXPECTATIONS









COST EXPECTATIONS BY SECTORS

Cost expectations declined across all industries in Q2 2025, reflecting a cautious, contractionary mindset among businesses.

Alongside softening growth ambitions, weaker revenue outlooks, and a slowdown in hiring sentiment, these indicators point to a rise in business uncertainty and may serve as early signals of a recessionary outlook.

OVERALL: 56.7

Base,	Q2 2025	Q1 2025	Q2 2025	CHANGE
9*	Other Service Activities	64.0	63.0	▼
4*	Health & Social Services	70.0	62.9	▼
8*	Others	70.4	60.0	•
34	Banking & Insurance	70.5	59.2	▼
10*	Real Estate Activities	78.4	58.3	▼
74	Other Financial & Insurance Activities	66.9	57.5	▼
75	Manufacturing	67.9	57.3	▼
]]*	Retail Trade	66.4	57.1	▼
107	Wholesale Trade	67.7	56.7	·
29*	Logistics & Transportation	67.6	56.6	
33	IT & Related Services	69.3	56.2	. <u> </u>
56	Construction & Civil Engineering	67.7	55.3	▼
65	Professional Services	67.9	55.1	V
23*	Administrative & Support Service Activities	67.6	54.2	_
9*	Education	71.1	54.2	·
8*	Hotels, Restaurants & Accommodations	71.9	50.8	



Ease of access to financing fell marginally by 0.8pt in Q2. However, with **growth ambitions softening** and **cost pressures easing**, the slight drop in financing sentiment **may not signal worsening cash flow conditions** among businesses. Both SME and Large Company report a marginal declines of 0.7pt and 0.3pt respectively. Financing confidence is stronger among Heath & Social Services, Real Estate Activities, and Retail Trade sectors, while Education, Professional Services, Hotels, Restaurant & Accommodations sectors report weaker confidence.

ACCESS TO FINANCING

Q1'25

Q2'25







ACCESS TO FINANCING BY SECTORS

Most sectors reported a decline in ease of obtaining financing in Q2 2025, suggesting a potential tightening in lending conditions. This shift may contribute further to a contractionary business environment if credit access continues to weaken.

OVERALL: 54.6

Base,	Q2 2025	Q1 2025	Q2 2025	CHANGE
9*	Other Service Activities	49.3	62.0	A
4*	Health & Social Services	40.0	61.8	A
10*	Real Estate Activities	55.0	60.4	A
]]*	Retail Trade	57.4	59.1	A
34	Banking & Insurance	66.5	58.4	V
8*	Others*	49.9	57.3	A
56	Construction & Civil Engineering	56.2	55.2	▼
29*	Logistics & Transportation	55.9	55.0	▼
107	Wholesale Trade	55.2	54.4	V
75	Manufacturing	54.9	54.0	•
74	Other Financial & Insurance Activities	54.7	54.0	•
23*	Administrative & Support Service Activities	55.5	53.4	
33	IT & Related Services	55.5	53.4	
- 9*	Education	59.5	53.0	
65	Professional Services	55.9	52.2	
8*	Hotels, Restaurants & Accommodations	52.8	50.5	

*Caveat: Low sample size limits statistical robustness, and results should be interpreted as directional insights.



Resilience to supply chain disruptions slightly weakened in Q2 2025, as the index slipped to 57.4 from 59.1 in Q1. The decline was seen across both SMEs and Large Companies, pointing to **systemic concerns**. Stronger resilience was reported in sectors such as Logistics & Transportation, Retail Trade, and Manufacturing sectors, while Hotels, Restaurants, & Accommodations, Construction & Engineering, and Health & Social Services sectors report more vulnerability.

SUPPLY CHAIN & OPERATIONAL RESILIENCE

Q1'25Q2'25







SUPPLY CHAIN & OPERATIONAL RESILIENCE BY SECTORS

Despite **broad vulnerability to supply chain risks** reported across sectors in Q2 2025, Logistics & Transportation, Retail Trade, Manufacturing, and Real Estate Activities stand out for showing **greater resilience**.

OVERALL: 57.4

 Base,	 Q2 2025	Q1 2025	Q2 2025	CHANGE
8*	Others*	61.4	62.9	A
9*	Other Service Activities	54.2	62.0	A
29*	Logistics & Transportation	59.0	60.3	A
11*	Retail Trade	59.2	59.9	A
75	Manufacturing	57.7	59.7	A
10*	Real Estate Activities	53.2	59.5	A
34	Banking & Insurance	66.5	58.7	•
74	Other Financial & Insurance Activities	61.5	57.7	▼
107	Wholesale Trade	59.4	57.6	▼
33	IT & Related Services	57.8	57.5	V
23*	Administrative & Support Service Activities	59.1	57.3	•
65	Professional Services	60.7	56.0	
9*	Education	62.1	55.0	
- 8*	Hotels, Restaurants & Accommodations	55.0	52.8	
56	Construction & Civil Engineering	57.4	52.4	
4*	Health & Social Services	52.0	43.8	



*Caveat: Low sample size limits statistical robustness, and results should be interpreted as directional insights.



Overall growth confidence remained relatively stable in Q2 2025, with only a marginal decline of 0.6 points from Q1. Despite macro-level uncertainty, businesses appear moderately confident in future prospects, possibly buoyed by positive performance of the Singapore economy in Q1. However, **confidence is uneven**, with SMEs becoming more cautious (-1.1pts in Q2) while Large Companies remain more upbeat (+2.1 pts). Confidence is also higher in Banking & Insurance and Manufacturing sectors amid current conditions, while Professional Services, Admin & Support Service Activities, and Hotels, Restaurants & Accommodations sectors are least optimistic.

GROWTH CONFIDENCE

Q1'25Q2'25





GROWTH CONFIDENCE BY SECTORS

Sectors like Manufacturing and Wholesale Trade reported improved growth confidence in Q2 likely supported by stronger performance supported by front-loading demand in Q1 2025. In contrast, most other sectors reported a decline in confidence, reflecting broader caution among businesses in Q2.

OVERALL: 56.1

Base,	Q2 2025 Health & Social Services	Q1 2025 56.5	Q2 2025 68.5	CHANGE
9*	Other Service Activities	50.1	66.0	A
34	Banking & Insurance	61.5	61.1	▼
8*	Others*	64.0	60.6	▼
75	Manufacturing	55.4	57.8	A
10*	Real Estate Activities	60.4	57.7	▼
74	Other Financial & Insurance Activities	59.0	57.7	▼
56	Construction & Civil Engineering	57.4	56.6	▼
107	Wholesale Trade	55.2	55.8	A
11*	Retail Trade	50.8	55.0	
33	IT & Related Services	62.5	54.7	•
9*	Education	62.7	53.0	•
29*	Logistics & Transportation	56.4	52.8	
65	Professional Services	54.6	52.4	
-23*	Administrative & Support Service Activities	55.5	51.9	-
8*	Hotels, Restaurants & Accommodations	49.4	46.0	





Sentiment toward government support declined slightly in Q2 2025, falling to 57.9 from 58.6 in Q1. Large companies are more upbeat than SMEs. The **Business Adaptation Grant**, scheduled for rollout in October 2025, may help boost business confidence in subsequent quarters. Across sectors, Health & Social Services report a strong uptick in sentiments while Hotels, Restaurants, & Accommodations shifted towards a more negative sentiment towards level of support.

SENTIMENT TOWARDS GOVERNMENT SUPPORT









OUTLOOK ON GOVERNMENT SUPPORT BY SECTORS

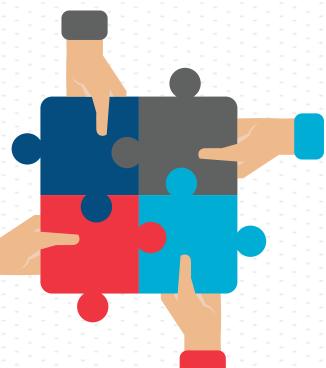
Financial and IT & Related Services sectors indicate lower perception of Government support in Q2 2025, while Manufacturing and Real Estate Activities sector are more upbeat.

OVERALL: 57.9

Base,	Q2 2025	Q1 2025	Q2 2025	CHANGE
9*	Other Service Activities	46.8	68.0	A
4*	Health & Social Services	52.0	66.3	A
34	Banking & Insurance	66.5	61.9	▼
8*	Others*	57.6	59.5	A
74	Other Financial & Insurance Activities	59.4	59.4	▼
33	IT & Related Services	59.5	59.4	▼
75	Manufacturing	57.7	58.7	A
10*	Real Estate Activities	56.8	58.6	A
9*	Education	59.5	58.0	—
107	Wholesale Trade	58.5	57.9	▼_
65	Professional Services	56.7	56.9	A
29*	Logistics & Transportation	61.6	56.6	T
56	Construction & Civil Engineering	60.5	54.8	-
23*	Administrative & Support Service Activities	57.3	54.6	- -
11*	Retail Trade	-55.6	53.4	
-8*	Hotels, Restaurants & Accommodations	57.3	47.1	



Manpower Challenges • & Support Needed



Increase in cost of

bring in foreign



Challenges in upskilling/reskilling emerges as the second major challenge, with the proportion of businesses citing it as a concern rising from 25% to 47%.

Although the proportion of companies citing rising manpower cost and foreign manpower policies that increase costs has declined over the years, these concerns remain among the top five challenges.

Over a third (36%) also report challenges in attracting or retaining younger workers, highlighting potential risks to long-term workforce sustainability.

Other Manpower Challenges in 2025:

- 06 Unable to find candidate(s) with skill sets that fit the advertised role (35%)
- 07 Difficulty attracting and/or retaining local high-skilled labour (35%)
- 08 Unable to reduce dependence on foreign manpower (32%)
- 09 Limited pool of local high-skilled labour (27%)
- 10 Other foreign manpower cost increases due to market-driven factors (18%)

Top 5 Manpower Challenges

0	11611 63% (-12% vs. 20		2024 75% Rising Manpower cost	2023 82% Rising Manpower cost
2	47% (+22%)	Challenges in upskilling/reskilling	61% Limited pool of local high-skilled labour	58% New foreign manpower policies that raise costs
3	\$ 45% (-8%)	Foreign manpower policies that raise cost	53% New foreign manpower policies that raise costs	45% Attracting and/or retaining younger workers
4	41%	Stricter policies that limit the supply of foreign manpower	48% Stricter policies that limit supply of foreign workforce	40% Limited pool of locc high-skilled labour

48%

Unable to find candidates with

matching skill sets

Attracting and/or retaining younger





The proportion of SMEs and Large Companies that cited challenges in upskilling or reskilling employees have almost doubled (SMEs: from 25% to 48% and Large Companies: from 22% to 46%).

Top 5 Manpower Challenges

SMES Base: 473				LARGE COMPANIES Base: 82			
Rising manpower cost	63% (76%, 2024)	•	•	Rising manpower cost	65% (70%, 2024)		
Challenges in upskilling or reskilling employees	48% (25%, 2024)	•		Foreign manpower policies that raise manpower cost	46% (52%, 2024)		
Foreign manpower policies that raise manpower cost	44% (53%, 2024)	•		Challenges in upskilling or reskilling employees	46% (22%, 2024)		
Stricter policies that limit the supply of foreign manpower	40% (49%, 2024)	•	•	Stricter policies that limit the supply of foreign manpower	45% (42%, 2024)		
Difficulty attracting and/or retaining younger workers	35% (47%, 2024)			Difficulty attracting and/or retaining younger workers	43% (52%, 2024)		





▶ Top 10 Manpower Challenges By Sectors

















			• # • #	\$ -			<u> </u>		
	OVERALL	Wholesale Trade	Manufacturing	Other Financial & Insurance	Professional Services	Construction & Civil Engr	Banking & Insurance	IT & Related Services	Logistics & Transportation
n=	555	107	75	74	65	56	34	33	29*
Rising manpower cost	63%	54%	80%	51%	65%	66%	59%	61%	62%
Challenges in upskilling or reskilling employees	47%	43%	53%	38%	46%	64%	44%	45%	59%
Foreign manpower policies that raise manpower cost	45%	33%	61%	38%	42%	70%	41%	21%	45%
Stricter policies that limit the supply of foreign manpower	41%	31%	44%	43%	43%	48%	41%	39%	34%
Difficulty attracting and/or retaining younger workers	36%	22%	43%	35%	31%	45%	38%	27%	48%
Unable to find candidate(s) with skill sets that fit the advertised role	35%	29%	48%	24%	35%	43%	32%	30%	45%
Difficulty attracting and/or retaining local high-skilled labour	35%	29%	32%	35%	40%	50%	32%	30%	38%
Unable to reduce dependence on foreign manpower	32%	31%	53%	12%	25%	57%	6%	6%	41%
Limited pool of local high-skilled labour	27%	17%	33%	20%	31%	38%	29%	30%	41%
Other foreign manpower cost increases due to market-driven factors	18%	15%	32%	11%	12%	36%	6%	9%	17%



*Caveat: Low sample size limits statistical robustness, and results should be interpreted as directional insights.



★ Top 10 Manpower Challenges By Sectors

		0	44	%					
	OVERALL	Admin & Support Services	Retail Trade	Real Estate Activities			Hotels, Restaurants & Accomm	Others	Health & Social Services
n=	555	23*	11*	10*	9*	9*	8*	8*	4*
Rising manpower cost	63%	65%	64%	60%	44%	100%	88%	88%	100%
Challenges in upskilling or reskilling employees	47%	39%	27%	60%	56%	67%	38%	38%	25%
Foreign manpower policies that raise manpower cost	45%	39%	45%	40%	22%	44%	50%	88%	75%
Stricter policies that limit the supply of foreign manpower	41%	22%	36%	50%	56%	67%	50%	63%	25%
Difficulty attracting and/or retaining younger workers	36%	26%	73%	50%	33%	78%	50%	50%	0%
Unable to find candidate(s) with skill sets that fit the advertised role	35%	30%	45%	40%	11%	44%	25%	50%	25%
Difficulty attracting and/or retaining local high-skilled labour	35%	30%	18%	30%	33%	44%	13%	50%	25%
Unable to reduce dependence on foreign manpower	32%	43%	36%	20%	11%	33%	75%	50%	25%
Limited pool of local high-skilled labour	27%	22%	36%	20%	22%	11%	13%	25%	50%
Other foreign manpower cost increases due to market-driven factors	18%	17%	0%	10%	11%	0%	25%	63%	25%





The removal of the maximum employment period and the raising of the maximum employment age for work permit holders are the foreign workforce policy changes with the most positive impact.

Impact of Foreign Workforce Policy Changes on Businesses

Among 65% of businesses that reported foreign workforce challenges...

Nearly 1 in 2 businesses report experiencing negative impact from the increased cost of hiring S Pass workers

Meanwhile, around 1 in 3 businesses report that easing measures such as removing the maximum employment period (38%) and raising the maximum employment age (35%) for Work Permit holders will benefit their operations.

Removal of maximum Period of Employment of WP holders	POSITIVE IMPACT	r	NONE 59%	NEGATIVE IMPAC
Raising maximum employment age of work permit holders	35%	•	60%	5 %
Increase in S Pass qualifying salary for renewal applications	27%	28%		44%
Increase in S Pass qualifying salary for new applications	26%	30%		45%
Pegging of age limit for new work permit applications	22%		68%	9%
Addition of a new pathway* under Condition 2 of M-SEP scheme	22%		72%	6%
Expansion and Extension of Manpower for Strategic Economic Priorities Scheme	19%		76%	5%_
Inclusion of more occupations	19%-		78%	3%
Expansion of non-traditional sources under the Work Permit Framework	16%		30%	4%



Top 10 Manpower Challenges By Sectors

		OVERALL	Wholesale	Manufacturing	Other Financial & Insurance	Professional	Construction	Banking &	IT & Related	Logistics &
	n=	362	Trade 62	61	40	Services 41	& Civil Engr 47	Insurance 18*	Services 16*	Transportation 20*
	Positive	38%	34%	51%	23%	27%	72%	6%	6%	30%
Removal of maximum Period of Employment of WP holders	None	59%	65%	46%	73%	71%	26%	94%	88%	70%
or Employment of Wi Holders	Negative	3%	2%	3%	5%	2%	2%	0%	6%	0%
Raising maximum	Positive	35%	35%	48%	28%	17%	47%	22%	0%	45%
employment age of work	None	60%	60%	49%	65%	78%	47%	78%	88%	50%
permit'holders ั	Negative	5%	5%	3%	8%	5%	6%	0%	13%	5%
Increase in S Pass qualifying	Positive	27%	31%	28%	38%	22%	30%	11%	13%	25%
salary for renewal	None	28%	31%	21%	35%	39%	13%	56%	25%	25%
applications	Negative	44%	39%	51%	28%	39%	57%	33%	63%	50%
	Positive	26%	31%	26%	30%	20%	28%	6%	13%	30%
Increase in S Pass qualifying salary for new applications	None	30%	31%	20%	40%	44%	11%	44%	31%	30%
	Negative	45%	39%	54%	30%	37%	62%	50%	56%	40%
Descripe of and limit for now	Positive	22%	19%	28%	18%	17%	32%	0%	6%	20%
Pegging of age limit for new work permit applications	None	68%	71%	62%	78%	68%	57%	89%	88%	70%
поткротти присвисте	Negative	9%	10%	10%	5%	15%	11%	11%	6%	10%
Addition of a new pathway*	Positive	22%	24%	20%	25%	15%	26%	17%	19%	30%
Addition of a new pathway* under Condition 2 of M-SEP	None	72%	69%	70%	68%	80%	68%	83%	81%	70%
scheme	Negative	6%	6%	10%	8%	5%	6%	0%	0%	0%
Expansion and Extension of	Positive	19%	26%	23%	15%	17%	23%	0%	0%	20%
Mänpower for Strategic Economic Priorities Scheme	None	76%	73%	74%	80%	80%	68%	94%	81%	75%
Economic Priorities Scheme	Negative	5%	2%	3%	5%	2%	9%	6%	19%	-5%
	Positive	19%	15%	33%	10%	17%	23%	0%	6%	10%
Inclusion of more occupations	None	78%	82%	61%	85%	80%	72%	100%	94%	85%
	Negative	3%	3%	7%	5%	2%	4%	0%	0%	5%
Expansion of non-traditional	Positive	16%	13%	25%	8%	20%	23%	6%	0%	5%
sources under the Work Permit Framework	None	80%	84%	70%	88%	71%	68%	94%	100%	95%
Permit Framework	Negative	4%	3%	5%	5%	10%	9%	0%	0%	0%





★ Top 10 Manpower Challenges By Sectors

			o ^o		%	2		000		8
		OVERALL	Admin & Support Services	Retail Trade	Real Estate Activities	Other Service Activities	Education	Hotels, Restaurants & Accomm	Others	Health & Social Services
	n=	362	14*	8*	6*	5*	7*	6*	8*	3*
Damas and of many income Davied	Positive	38%	36%	50%	50%	20%	43%	50%	50%	33%
Removal of maximum Period of Employment of WP holders	None	59%	57%	50%	50%	60%	57%	50%	50%	67%
	Negative	3%	7%	0%	0%	20%	0%	0%	0%	0%
Raising maximum	Positive	35%	29%	25%	50%	60%	29%	50%	50%	33%
employment age of work	None	60%	71%	63%	50%	40%	57%	50%	38%	67%
permit holders	Negative	5%	0%	13%	0%	0%	14%	0%	13%	0%
Increase in S Pass qualifying	Positive	27%	7%	38%	33%	40%	43%	0%	50%	33%
salary for renewal	None	28%	36%	13%	33%	40%	29%	33%	13%	0%
applications	Negative	44%	57%	50%	33%	20%	29%	67%	38%	67%
	Positive	26%	7%	38%	33%	40%	29%	17%	50%	33%
Increase in S Pass qualifying salary for new applications	None	30%	43%	13%	33%	40%	43%	33%	13%	33%
salary for new applications	Negative	45%	50%	50%	33%	20%	29%	50%	38%	33%
	Positive	22%	29%	13%	50%	40%	43%	17%	50%	0%
Pegging of age limit for new work permit applications	None	68%	57%	75%	50%	60%	57%	67%	50%	100%
work porrint applications	Negative	9%	14%	13%	0%	0%	0%	17%	0%	0%
Addition of a new pathway*	Positive	22%	0%	38%	17%	40%	43%	33%	25%	0%
under Condition 2 of M-SEP	None	72%	93%	63%	67%	60%	57%	67%	75%	100%
scheme	Negative	6%	7%	0%	17%	0%	0%	0%	0%	0%
Expansion and Extension of	Positive	19%	0%	25%	17%	60%	43%	17%	25%	0%
Manpower for Strategic Economic Priorities Scheme	None	76%	93%	75%	67%	40%	57%	83%	75%	100%
Economic Priorities Scheme	Negative	5%	7%	0%	17%	0%	0%	0%	0%	0%
Inclusion of more occupations	Positive	19% 78%	14% - 86%	13% 88%	33% 67%	40% -60%	29% - 71%	33% - 67%	25% 75%	0% = 100%
	None Negative	3%	0%	0%	0%	0%	0%	0%	0%	0%
Expansion of non-traditional	Positive	16%	14%	13%	33%	40%	43%	0%	25%	0%
sources under the Work	None	80%	86%	88%	67%	60%	57%	100%	75%	100%
Permit Framework	Negative	4%	0%	0%	0%	0%	0%	0%	0%	0%





To meet foreign workforce constraints, businesses look to enhance attraction of local talent, outsource locally, or invest in solutions to reduce manpower needs

However, nearly one-third of businesses adopt contractionary measures such as delaying business expansion plans (30%) or relocating business functions to another country (29%).

Coping Strategies for Companies facing Negative Impact of Foreign Workforce Policies



43%



40%



35%





30%



29%





Expand/ **Enhance** recruitment to hire locals Increase wages to attract locals **Outsourcing** to local 3rd-party contractors

Invest in tech or redesign processes to reduce manpower needs

Delay business expansion plans

Relocate business functions to another country

Redesign iobs to attract locals Capability transfer programmes to upskill local workforce via foreign expertise

46% 2024

40% 2024

35% 2024

28% 2024

29% 2024

26% 2024

26% 2024

NA in 2024





SMEs focus on replacing foreign workers with local talent, while Large Companies are also likely to reduce manpower needs through process updates or technology solutions

Coping Strategies for Companies facing Negative Impact of Foreign Workforce Policies

SMES Base: 161	LARGE COMPANIES Base: 30			
Enhance recruitment efforts to hire locals	42% (43%, 2024)	•	Expand / Enhance recruitment efforts to hire locals	53% (61%, 2024)
Increase wages of jobs to make it more attractive to locals	40% (40%, 2024)	•	Invest in technology or redesign business processes to reduce manpower needs	43% (27%, 2024)
Outsource some of the functions to third-party contractors in Singapore	35% (37%, 2024)	•	Increase wages of jobs to make it more attractive to locals	37% (39%, 2024)
Delay business expansion plans	32% (31%, 2024)	•	Outsource some of the functions to third- party contractors in Singapore	33% (26%, 2024)
Invest in technology or redesign business processes to reduce manpower needs	30% (29%, 2024)		Re-locate business functions to another country	33% (27%, 2024)

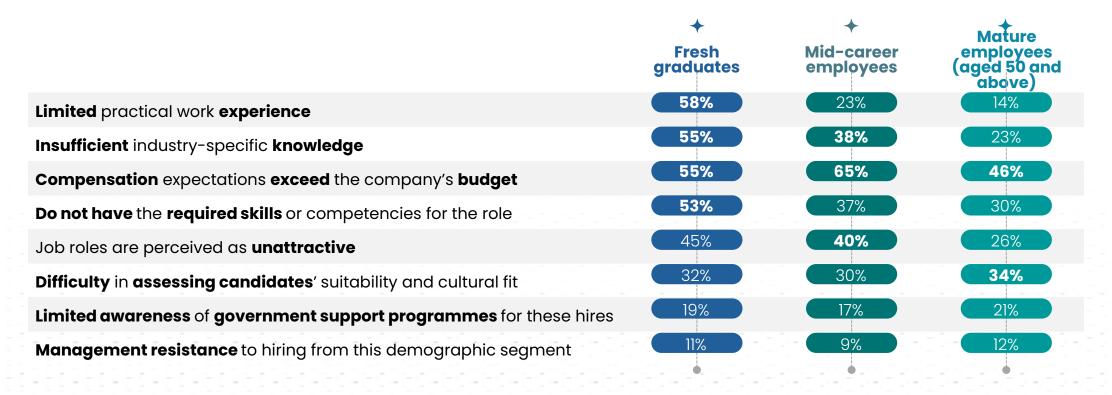




Businesses see more challenges in hiring fresh graduates, mainly due to a lack of jobready skills and knowledge, and mismatch in salary expectations

Mismatched salary expectations are also a key hiring challenge for mid-career and mature employees. In addition, businesses highlight low interest in job roles as a challenge when engaging both fresh graduates and mid-career segments.

Hiring Challenges across Employees Types







Businesses are mainly focusing on offering competitive wages and upskilling opportunities to attract talent across all employee segments

When targeting mid-career and mature workers, businesses emphasize flexible work arrangements to appeal to these employee segments.

Hiring Strategies across Employees Types

	+ Fresh grad	→ Mid-career employees	Mature employees (aged 50 and above)
Provide competitive employee salary & benefits package	61%		
Provide professional development & training opportunities		 54%	 39%
Strengthen the company's employer brand	47%	47%	35%
Offer flexible work arrangement	44%	 50%	
Clear career progression prospects, i.e. pathways to leadership positions		42%	— 21%
Redesign jobs to make them more attractive	 27%		
Transform the business through manpower planning & development	 25%		 26%
Align employee value proposition with ESG strategies		 31%	 20%
Tap on human capital programmes to improve employee value proposition	— 18%	30%	 25%





Improving labour market flexibility through policy reform is identified by businesses as the most important measure to help them manage ongoing manpower challenges

Businesses highlight the need for two-fold support to improve manpower availability and investment in workforce transformation to ensure long-term sustainability.

Beyond direct policy support, businesses also indicate the need for more a more collaborative policy approach, with more channels to share feedback on manpower regulations and policy implementation (29%).

Support Needed to Cope with Manpower Challenges



54%

Policy review to improve labour market flexibility



42%

Financial support for workforce transformation



29%

More channels to share feedback on policies and regulatory barriers



27%

Platforms to share best practices and talent retention strategies



26%

Guided support to help companies in recruiting new hires



24%

Recognition of learning and skills acquired at the workplace



Guided support to help companies in training





Both SME and Large Companies aligned in calling for greater labour market flexibility, financial support for workforce transformation, and more feedback channels regarding manpower issues

Support Needed to Cope with Manpower Challenges

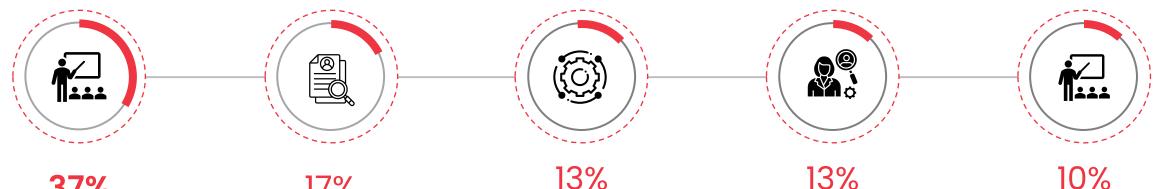
SMEs Base: 383				LARGE COMPANIES Base: 69	
Policy review to improve labour market flexibility	54%	•	•	Policy review to improve labour market flexibility	54%
Financial support for workforce transformation	42%	•	•	Financial support for workforce transformation	43%
More channels to share feedback on policies and regulatory barriers	27%	•	•	More channels to share feedback on policies and regulatory barriers	38%
Guided support to help companies in recruiting new hires	27%	•		Platforms to share best practices and talent retention strategies	33%
Platforms to share best practices and talent retention strategies	25%	•	•	Recognition of learning and skills acquired at the workplace	23%





***** Workforce development programmes aimed at upskilling and reskilling employees are the most widely used manpower support initiatives among businesses

Usage of Support Programmes



For **job design and transformation**

37%

To **upskill** and **reskill employees**

employees

17%

To hire new

TOP 3 Used:

- SkillsFuture Course Fee Subsidies
- SkillsFuture Enterprise Credit (SFEC)
- WSGs Career Conversion Programmes (CCP)

TOP 3 Used:

- WSG's Career Conversion Programmes (CCP)
- WSG's Mid-Career Pathways Programme
- Other miscellaneous support

TOP 3 Used:

- WSG's Support for Job Redesign under Productivity Solutions Grant [PSG-JR] and sectoral Job Redesign initiatives
- NTUC's Company Training Committee Grant
- WSG's Career Conversion

13%

To **strengthen HR** capabilities for transformation

TOP 3 Used:

- Institute for Human Resource Professionals [IHRP] Certification
- Human Capital Diagnostic Tool
- IHRP HR playbooks or reports

10%

For workplace training capabilities

TOP 3 Used:

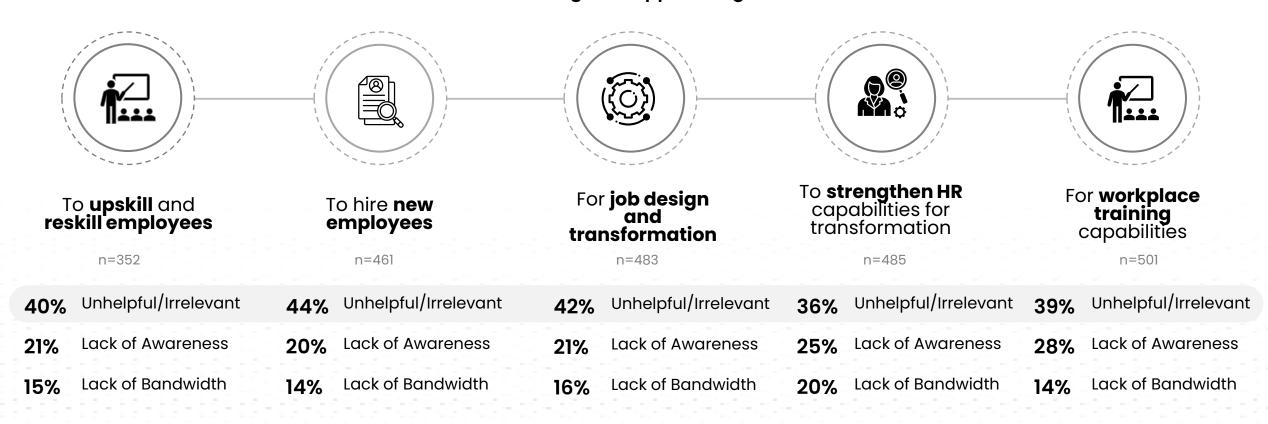
- Workplace Skills Recognition Programme
- SkillsFuture Queen Bee Network
- Capability building programmes from the National Centre of Excellence for Workplace Learning





Across all manpower support programmes, the primary barrier to adoption is the perceived lack of relevance or applicability to business needs

Barriers to Usage of Support Programmes







Hiring & Retention of Workforce



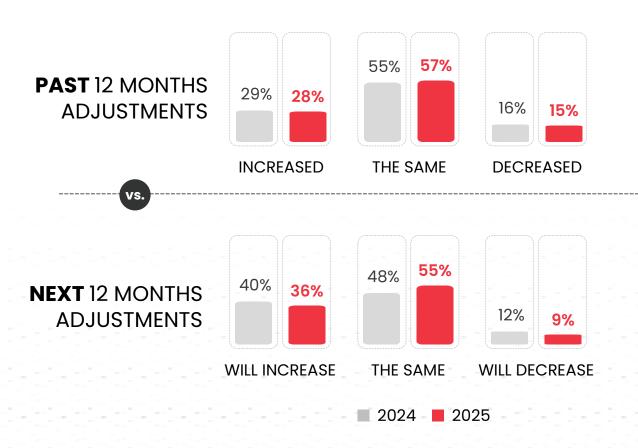


Hiring outlook softens, with more businesses looking to maintain current workforce capacity in the next 12 months

Despite growing caution in hiring sentiment, 36% of businesses still plan to increase their full-time workforce over the next 12 months, indicating some growth momentum persists.

9% of businesses expect to retrench full-time employees in the coming year, suggesting that while caution is rising, widespread workforce downsizing remains limited.

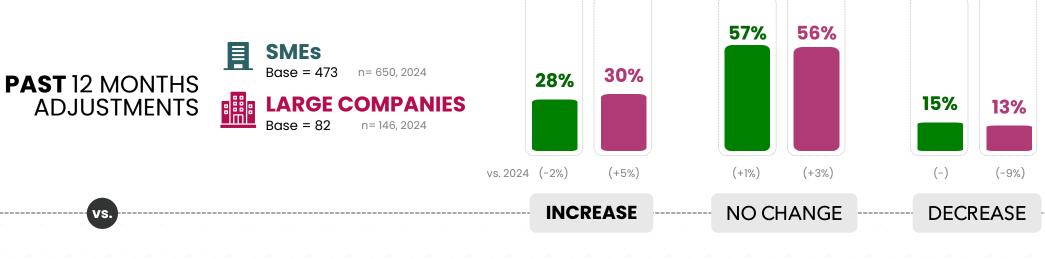
Adjustment to Full-Time Workforce







***** Large Companies show more positive hiring outlook than SMEs, where majority of SMEs plan to freeze headcount in the next 12 month



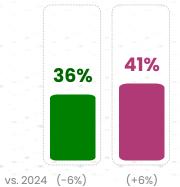


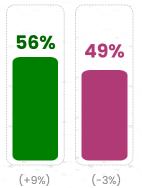


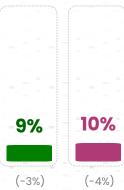


n= 650, 2024

Base = 82







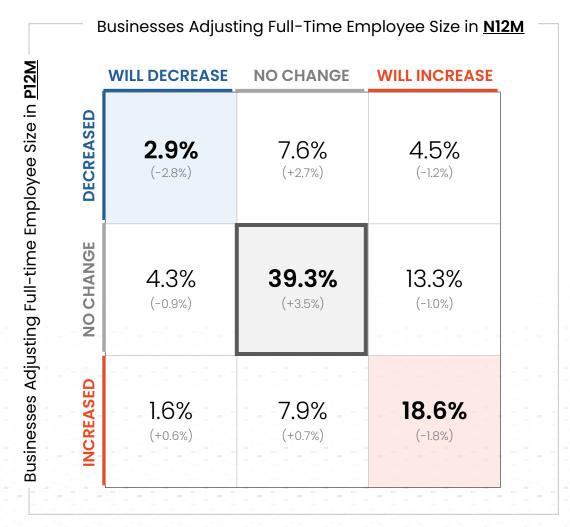




Amid current economic uncertainty, more businesses signal intentions to implement hiring freezes in the year ahead

Among businesses planning to freeze hiring over the next 12 months, most are prolonging the ongoing hiring freeze, where workforce expansion is being deferred, rather than paused, due to current economic uncertainty.

While overall hiring sentiment is softening, approximately 36% of businesses still plan to increase their full-time workforce over the next 12 months, indicating growth momentum still persist.







High proportion of businesses in Logistics & Transportation and Construction & Civil Engineering sectors plan to continue expanding their workforce in the N12M



P12M Z O 18.6% INCREASE (-1.8%)

Increased full-time workforce in P12M and will increase full-time workforce in N12M

Base, 2025	% By Industry	2025	2024
4*	Health & Social Services	75%	33%
4*	Others*	50%	5%
19*	Logistics & Transportation	47%	14%
31	Construction & Civil Engineering	45%	37%
23*	Banking & Insurance	35%	24%
49	Manufacturing (e.g. Food, Textiles, Paper products, Chemicals, Metals etc.)	35%	19%
9*	Retail Trade	33%	21%
6*	Other Service Activities	33%	27%
43	Other Financial and Insurance Activities (e.g. holding/investment companies)	33%	14%
40	Professional Services	30%	20%
-13*	Administrative & Support Service Activities	23%	- 33%
5*	Hotels, Restaurants & Accommodations	20%	28%
63	Wholesale Trade	17%	16%
- 18	IT & Related Services	17%	26%
- 7*	Real Estate Activities	-14% -	0%
3*	Education	0%	53%



+ High proportion of businesses in Real Estate Activities and Wholesale Trade sectors plan to extend hiring freeze over the N12M



NO CHANGE IN P12M

39.3% (+3.5%)

No change in full-time workforce in P12M and N12M

Base, 2025	% By Industry	2025	VS. 2024
7*	Real Estate Activities	86%	47%
63	Wholesale Trade	81%	45%
18*	IT & Related Services	72%	26%
40	Professional Services	70%	38%
13*	Administrative & Support Service Activities	69%	42%
3*	Education	67%	18%
6*	Other Service Activities	67%	55%
23*	Banking & Insurance	65%	28%
43	Other Financial and Insurance Activities (e.g. holding/investment companies)	65%	29%
5*	Hotels, Restaurants & Accommodations	60%	32%
49	Manufacturing (e.g. Food, Textiles, Paper products, Chemicals, Metals etc.)	59%	43%
19*	Logistics & Transportation	53%	36%
4*	Others*	50%	14%
-9*	Retail Trade	44%	21%
31	Construction & Civil Engineering	42%	29%
4*	Health & Social Services	25%	33%





Proportion of businesses looking to continue reducing workforce in the N12M is higher among Education, Retail Trade, and Hotels, Restaurants, & Accommodations sectors



DECREASE 2.9% (-2.8%)

Reduced full-time workforce in P12M and will reduce full-time workforce in N12M

Base, 2025	% By Industry	2025	VS. 2024
3*	Education	33%	6%
9*	Retail Trade	22%	7%
5*	Hotels, Restaurants & Accommodations	20%	12%
31	Construction & Civil Engineering	13%	11%
18*	IT & Related Services	11%	7%
13*	Administrative & Support Service Activities	8%	0%
49	Manufacturing (e.g. Food, Textiles, Paper products, Chemicals, Metals etc.)	6%	8%
43	Other Financial and Insurance Activities (e.g. holding/investment companies)	2%	2%
63	Wholesale Trade	2%	5%
40	Professional Services	0%	2%
23*	Banking & Insurance	0%	- 8%
19*	Logistics & Transportation	0%	5%
7*	Real Estate Activities	0%	0%
4*	Others*	0%	5%
4*	Health & Social Services	0%	11%
6*	Other Service Activities	0%	27%



Among businesses intending to retrench full-time employees, most attribute the decision to an expected decline in business activity

Beyond anticipated business downturns, businesses point to economic uncertainties, elevated cost pressures, and restructuring efforts as key factors contributing to workforce reductions.

91%
of businesses
plan to increase
or maintain fulltime workforce in
the next 12
months

Only 9% of businesses expect to reduce full-time workforce in the next 12 months due to...

(12%, 2024)

Economic uncertainties 41% (52%, 2024)

63% (62%, 2024)

Anticipated

decline in

business

Business restructuring 37% (35%, 2024)

A

39% (49%, 2024)

Increase in

business costs

29% (34%, 2024)

Company downsizing

(88%, 2024)





♦ Workforce reduction in Large Companies is more likely to be tied to broader strategic repositioning, such as business restructuring and cost optimisation efforts

Reasons for Decreasing Full-Time Employees

SMEs Base: 41			Base: 8*	
Anticipated decline in business	63% (65%, 2024)	•	Anticipated decline in business	63% (50%, 2024)
Economic uncertainties	41% (55%, 2024)	•	Business restructuring	63% (55%, 2024)
Increase in business costs	37% (46%, 2024)		Increase in business costs	50% (60%, 2024)
Business restructuring	32% (30%, 2024)	•	Functions eliminated due to outsourcing for cost management or operational efficiency	50% (35%, 2024)
Company downsizing	32% (34%, 2024)		Economic uncertainties	38% (40%, 2024)

*Caveat: Low sample size limits statistical robustness, and results should be interpreted as directional insights.





♦ Only 18% of businesses have fully adopted skills-first hiring practices. The majority apply such practices selectively, typically when hiring for technical or specialised roles

Overall, 82% of businesses do not fully adopt skills-first hiring practices, indicating most businesses have yet to embed it into core hiring processes.

Implementation of Skills-first Hiring

18% (18% SME, 13% LC) **Fully Implemented**

(82% SME, 87% LC) **82%** Did not fully implement skills-first hiring

54% Partially implemented... **28%** Did not implement (28% SME, 28% LC) (54% SME, 59% LC) 31% 22% 11% for entry-level roles Limited to project-based or contract for technical or but not leadership specialised roles positions roles only



(22% SME, 21% LC)

(11% SME, 11% LC)





The top barrier to full adoption of skills-first hiring is uncertainty over its accuracy in evaluating candidate capabilities

Businesses also point to other practical concerns, such as the belief that additional training will still be needed, operational difficulties in implementing skills-first hiring practices.

Key Barriers to Implementing Skills-first Hiring

Among the **82%** of businesses that did not fully implement skills-first hiring...

(82% SME, 87% LC)

42%

Unsure if candidates with adjacent skills are able to perform the task

(43% SME, 37% LC)

29%

Unsure how to assess the candidate for the required skills without relying on past work experience or educational qualifications

(31% SME, 20% LC)

32%

More training required for a candidate with adjacent skills than one hired based on experience

(32% SME, 31% LC)

30%

Difficult to implement skills-first hiring practices than hiring based on work experience or educational qualifications

(31% SME, 24% LC)

27%

Lack of manpower to implement skills-first hiring practices

(30% SME, 14% LC)

25%

Skills-first hiring is not commonly practised in my industry

(24% SME, 33% LC





Financial assistance is the top form of support businesses seek for implementing skillsfirst hiring practices

Beyond cost-related assistance, businesses highlight the need for skills-matching portal (33%), clearer implementation guidelines (29%) and a nationally recognised skills framework (26%) to support the systematic adoption of skills-first hiring practices.

Key Support Measures Needed to Implement Skills-first Hiring



44%

Financial grants to implement skills-first hiring

(45% SME, 39% LC)



26%

A **nationally recognised skills framework** that is understood and accepted within the industry

(26% SME, 32% LC)



33%

Skills-first recruitment portals for skills-matching between employers and job seekers

(34% SME, 29% LC)



21%

Skills-first hiring related resources

(e.g. guidebook, infographics, case studies)

(20% SME, 22% LC)



29%

Tools **simplifying the process** of skills identification, validating, and matching, using a **nationally recognised skills framework**

(31% SME, 18% LC)



20%

Consultancy /advisory support / training on how to conduct hiring based on skills

(21% SME, 18% LC)





Wage Practices & Policies



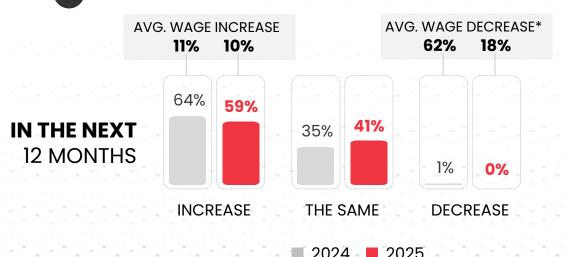


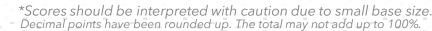
59% of businesses intend to raise employee wages in the next 12 months

While majority of firms remain receptive to increasing employee wages, a significant 41% intend to freeze wages in the next 12 months, indicating a more cautious outlook

Wage Adjustments for All Employees Workers











While large companies show greater confidence in raising wages over the next year, 43% of SMEs plan to freeze wages, compared to just 28% of large companies



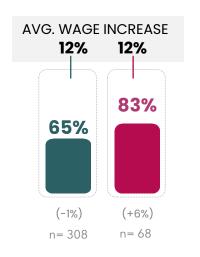


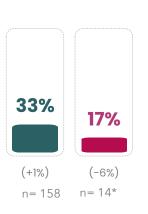
SMEs



LARGE COMPANIES

Base = 82







INCREASE

NO CHANGE

DECREASE





SMEs

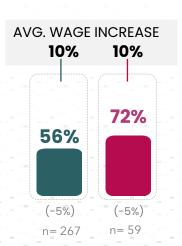
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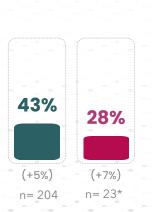
NEXT 12 MONTHS

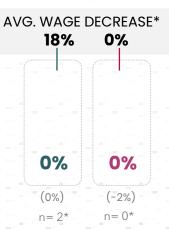


LARGE COMPANIES

Base = 82





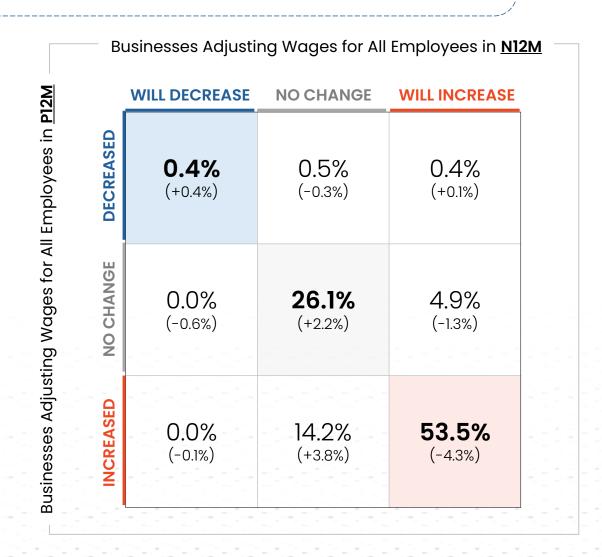






Around 1 in 2 businesses intend to continue increasing employee wages over the next 12 months

However, around a quarter (26%) of businesses are opting for wage restraint and plan to extend the freeze on employee wages for another 12 months.





High proportion of businesses in Banking & Insurance and Manufacturing sectors plan to continue increasing employee wages in the N12M



INCREASE IN P12M

53.5% (-4.3%)

Increased wages for all employees in P12M and will increase wages for all employees in N12M

Base, 2025	% By Industry	2025	VS. 2024
30	Banking & Insurance	87%	83%
61	Manufacturing (e.g. Food, Textiles, Paper products, Chemicals, Metals etc.)	80%	57%
9*	Other Service Activities	78%	72%
4*	Health & Social Services	75%	44%
51	Professional Services	73%	50%
25*	Logistics & Transportation	72%	77%
25*	IT & Related Services	68%	54%
9*	Retail Trade	67%	65%
6*	Hotels, Restaurants & Accommodations	67%	50%
6*	Others*	67%	33%
20*	Administrative & Support Service Activities	65%	52%
8*	Education	63%	71%
87	Wholesale Trade	61%	56%
56	Other Financial and Insurance Activities (e.g. holding/investment companies)	57%	56%
8*	Real Estate Activities	50%	67%
39	Construction & Civil Engineering	49%	61%



Construction & Civil Engineering, Other Financial and Insurance Activities sectors see more businesses intending to maintain wage freeze for another 12 months



NO CHANGE IN P12M

26.1% (+2.2%)

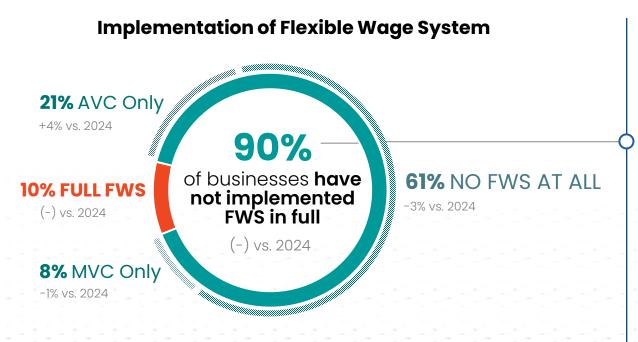
No change in wages of all employees in P12M and in N12M

Base, 2025	% By Industry	2025	VS. 2024
8*	Real Estate Activities	50%	27%
39	Construction & Civil Engineering	49%	18%
56	Other Financial and Insurance Activities (e.g. holding/investment companies)	43%	21%
87	Wholesale Trade	39%	28%
8*	Education	38%	12%
9*	Retail Trade	33%	30%
6*	Hotels, Restaurants & Accommodations	33%	27%
6*	Others*	33%	27%
25*	IT & Related Services	32%	13%
20*	Administrative & Support Service Activities	30%	30%
25*	Logistics & Transportation	28%	_ 16%
51	Professional Services	27%	33%
4*	Health & Social Services	25%	22%
9*	Other Service Activities	22%	17%
61	Manufacturing (e.g. Food, Textiles, Paper products, Chemicals, Metals etc.)	20%	25%
30	Banking & Insurance	13%	9%



The majority of businesses have yet to fully adopt the Flexible Wage System, though use of the Annual Variable Component (AVC) has seen a slight increase compared to 2024

61% of businesses have not adopted any component of the Flexible Wage System (FWS), while 29% have implemented either the Annual Variable Component (AVC) or Monthly Variable Component (MVC) only. The primary reason cited for not fully adopting FWS practices is the belief that existing wage structures already offer sufficient variability.



Reasons For Not Fully Implementing FWS:

- **42%** Wages are already sufficiently variable without the FWS
- **19%** Not aware/limited understanding of FWS
- Already have **informal or ad-hoc variable pay** practices (e.g. red packet)
- 14% Unsure how to implement

17% indicated 'Other Reasons'



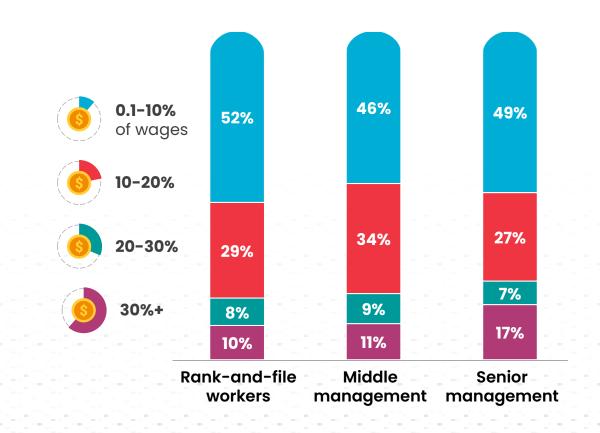


Among those who have implemented AVC, a proportion of up to 10% is most commonly used across all designations

Average Proportion of Wages Allocated to the AVC by Designation

Among 31% of businesses that have implemented AVC...

Senior management typically has a higher share of their wages tied to the Annual Variable Component (AVC), with nearly 1 in 5 receiving more than 30% of their compensation through AVC.





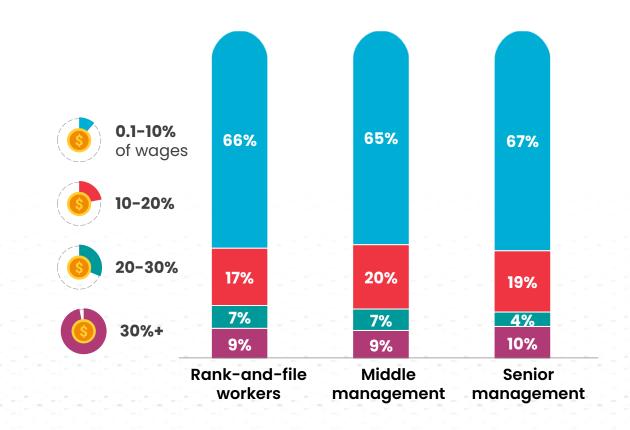


Among businesses that have implemented MVC, majority allocate up to 10% of employee wages to the MVC across all job designations

Average Proportion of Wages Allocated to the MVC by Designation

Among 18% of businesses that have implemented AVC...

Most businesses cap the Monthly Variable Component (MVC) at 20% or less of employee wage, reflecting a measured approach that balance cost flexibility and income stability for employees.







Businesses highlight the need for clearer guidance on FWS compliance and technical implementation and financial support to manage potential increases in variable wages

Adoption of FWS is mainly hindered by uncertainty, where businesses seek clearer regulatory guidance to mitigate compliance risk and financial support to cushion potential increases in wage variability.

Large companies are also more likely to seek industry collaboration that facilitate cross-learning of best practices and experience.

Support Needed to Implement FWS



42% SME:43% Large Co: 35%

More guidance, technical and compliance support for implementation



42% SME:43% Large Co: 36%

Financial incentives to offset potential increase in variable wages



28% SME:27% Large Co:35%

Industry collaboration for cross learning of best practices and experience



24% SME:23% Large Co: 24%

Changes to wage reporting to encourage greater prevalence of variable wages





Nearly 2 in 3 businesses have adopted the National Wages Council's annual wage adjustment recommendations

Among the NWC's recommendations, rewarding employees through built-in wage increases has gained the most traction (51%). While adoption of contractionary wage measures (15%) and Flexible Wage System (FWS) practices remains relatively limited.

Adoption of National Wages Council (NWC) 2024/2025 Guidelines

61% 64% 2024

36% 2024 39%

Have Adopted NWC guidelines

Have Not Adopted NWC quidelines

Application of guideline...

Among Employers who Have Done Well

Among Employers who Have Not Done Well

51%



Reward employees with built-in wage increases and variable payments

12%



Implement the FWS to reward employees whilst retaining wage flexibility



Make greater efforts to improve business processes and productivity

15%





Implement the FWS to enhance resilience





Among businesses that did not adopt the NWC guidelines, the main reasons were competing business priorities and lack of awareness or resources to implement

Adoption of National Wage Council (NWC) 2024/2025 Guidelines

SME:60% Large Co: 66%

SME:40% Large Co:34% **39%**

Have Adopted NWC guidelines

Have Not Adopted NWC guidelines



Reasons for Lack of Adoption:

33%

Placing priority on other business aspects of the company

27%

Not aware or limited understanding of the wage guidelines

27%

Do not have enough resources to work on the wage guidelines 19%

Concern about high cost of implementing wage guidelines 13%

Concern about losing business competitivenes s with wage increase

10%

Skills and productivity of workers do not justify wage increase





Cost management support remains the key driver to encourage businesses to adopt the **NWC** wage recommendations

Similar to FWS adoption, businesses highlight the need for technical and compliance support, as well as financial assistance, to mitigate business risks and enhance cost feasibility of implementing NWC wage recommendations.

Support Needed to Adopt NWC 2024/2025 Guidelines



43% 49% 2024

Financial assistance and subsidies



42% 51% 2024

Incentives to offset other business costs in other areas



41% 36% 2024

More guidance, technical and compliance support



29% 30% 2024

Training programmes to ensure skills and productivity justify the increase



22% 20% 2024

Industry collaboration to share best practices and experience



19% 15% 2024

Increase recognition initiatives for companies





Support for Lower-Wage Workers (LLW)

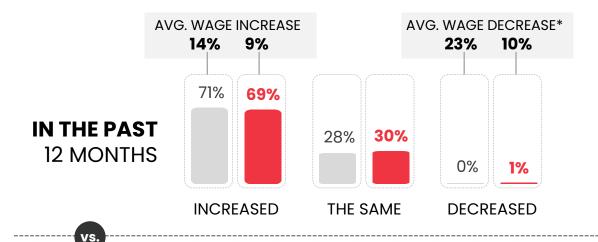


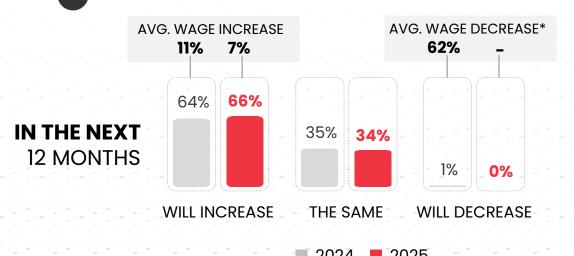


Wage outlook for Lower-Wage Workers remains steady, where 2 in 3 businesses plan wage increases in the next 12 months, similar to 2024.

Similarly, around 1 in 3 businesses (34%) indicate plans to **exercise** wage restraint by freezing the wages of Low-Wage Workers over the next 12 months.

Wage Adjustments for Lower-Wage Workers (LLWs)









Both SMEs and Large Companies share similar outlook on wage adjustment for LLWs, with majority intending to increase wages in the N12M

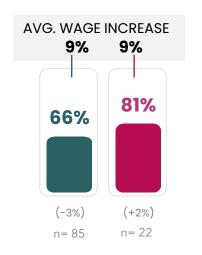


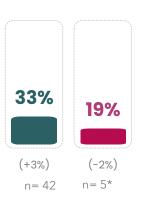


SMEs



LARGE COMPANIES
Base = 27*







vs.

INCREASE

NO CHANGE

DECREASE





SMEs

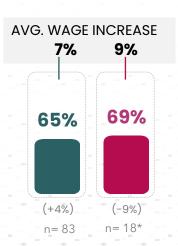
Base = 127

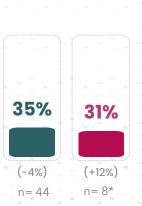
NEXT 12 MONTHS



LARGE COMPANIES

Base 26*









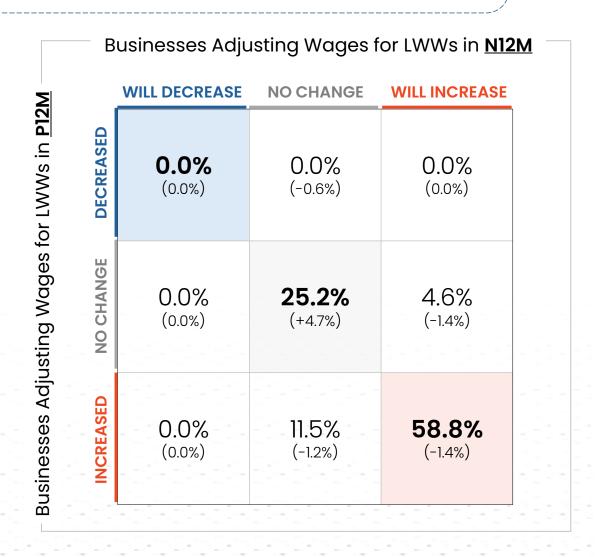
Base: Present of Low wage employees, n=155 (Q2, 2025) SMEs n=128, LC n=27*
Q39axb What wage adjustments have your company made in the last 12 months?
Q40axb What wage adjustments will your company make for the next 12 months? SMEs n=127, LC n=26°

*Caveat: Low sample size limits statistical robustness, and results should be interpreted as directional insights.



Around 3 in 5 businesses intend to continue increasing wages for Lower-Wage Workers (LLWs) over the next 12 months

However, around a quarter (25%) of businesses are opting for wage restraint and plan to extend the freeze on employee wages for LLWs for another 12 months.







More businesses in Manufacturing and Construction & Civil Engineering sectors expect to continue expanding wages for Lower-Wage Workers over the next 12 months



INCREASE IN P12M

58.8% (-1.4%)

Increased wages for all employees in P12M and will increase wages for all employees in N12M

Base, 2025	% By Industry	2025	VS. 2024
5*	Administrative & Support Service Activities	100%	56%
2*	Retail Trade	100%	57%
]*	Health & Social Services	100%	25%
]*	Other Service Activities	100%	50%
24*	Manufacturing (e.g. Food, Textiles, Paper products, Chemicals, Metals etc.)	83%	55%
4*	Banking & Insurance	75%	67%
19*	Construction & Civil Engineering	74%	67%
9*	Other Financial and Insurance Activities (e.g. holding/investment companies	67%	63%
6*	Professional Services	67%	31%
3*	Hotels, Restaurants & Accommodations	67%	62%
24*	Wholesale Trade	58%	42%
2*	IT & Related Services	50%	50%
6*	Logistics & Transportation	50%	86%
-3*	Real Estate Activities	33%	50%
]*	Others*	0%	60%
0*	Education	- 0%	80%





More businesses Wholesale Trade intend to hold wages steady among lower-wage workers for another 12 months



NO CHANGE IN P12M

25.2% (+4.7%)

No change in wages of all employees in P12M and in N12M

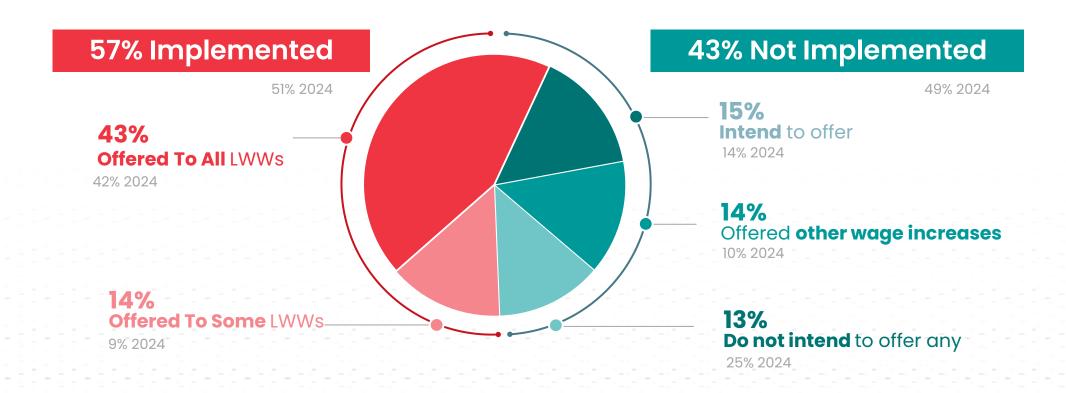
Base, 2025	% By Industry	2025	VS. 2024
1*	Others*	100%	20%
3*	Real Estate Activities	67%	0%
2*	IT & Related Services	50%	0%
6*	Logistics & Transportation	50%	7%
24*	Wholesale Trade	42%	28%
9*	Other Financial and Insurance Activities (e.g. holding/investment companies	33%	13%
6*	Professional Services	33%	38%
3*	Hotels, Restaurants & Accommodations	33%	8%
19*	Construction & Civil Engineering	26%	10%
4*	Banking & Insurance	25%	0%
24*	Manufacturing (e.g. Food, Textiles, Paper products, Chemicals, Metals etc.)	17%	_ 19%
5*	Administrative & Support Service Activities	0%	22%
2*	Retail Trade	0%	43%
- 1*	Health & Social Services	0%	0%
0*	Education	0%	20%
1*	Other Service Activities	0%	0%





57% of businesses have adopted the NWC's recommended wage increases for Lower-Wage Workers in 2025, up from 51% in 2024

Implementation of Recommended Wage Increase for Lower-Wage Workers (LLWs)







Not all LLWs received the recommended wage increase, mainly because some employees did not meet performance criteria or that their salary was already at market-rate

In other cases, businesses were unable to adjust wages due to fixed contractual terms, or chose to prioritise giving wage increases to the lower-paid segments among Lower-Wage Workers.

Reasons for Giving Recommended Wage Increase To Some Lower-Wage Workers (LLWs) Only

14% provided the recommended wage increase to some LWWs only

9% 2024

4% Unable to increase wages due to contracts

Wage increases are based on **eligibility criteria**

Key Eligibility Criteria:

Performance and work targets met

47% Salary in-line with the market rate

1% Prioritised lower-12% 2024 earning employees



Provided other forms of wage increase

Other Wage Increases:

Additional bonus 100%

(e.g. new variable component, higher bonus than last year)

Additional allowance

(e.g. new allowance, higher allowance than last vear)







hose who provided the recommended wage increase to some LLWs only, n=35 (Q2 2025), n=74 (2024) Q51a Why did your company only provide the recommended wage increase to some lower-wage workers, but not te wage increase to LLWs, n=19* (O2 2025)

Caveat: Low sample size limits statistical robustness, and résults should be interpreted as directional insights.



The key reason for not applying the recommended wage increase is the belief that the current wages for Lower-Wage Workers were already in line with market standards

Beyond market-rate pay, operational challenges such as poor business performance (36%) and cost pressures (34%) also impacted the decision not to implement the recommended wage increase

Reasons For Not Giving the Recommended Wage Increase

27%

have not provided the recommended increase to LWWs

35% 2024

42% 24% 2024

Paying lowerwage workers at market rate **36%** 25% 2024

Company not performing well

34% 19% 2024

Business cost will be impacted

Other forms of wage increase...

54% Additional bonus 38% Additional allowance **15%** One-off Payment

19%

Provided other forms of wage increase

13%

Poor work performance

4% 2024

Locked-in wage under existing contracts



Caveat: Low sample size limits statistical robustness, and résults should be interpreted as directional insights.



***** Cost support and financial incentives remain the main forms of assistance businesses seek to offset the cost of wage increases

Support Needed to Implement Wage Increases for All LWWs

Apart from cost support, around 1 in 4 businesses also look for training programmes to improve worker productivity and recognition for the business as an employer.



58%

Financial assistance and subsidies



50%

Incentives to offset other business costs in other areas



27%

Training programmes to ensure skills and productivity justify the increase



25%

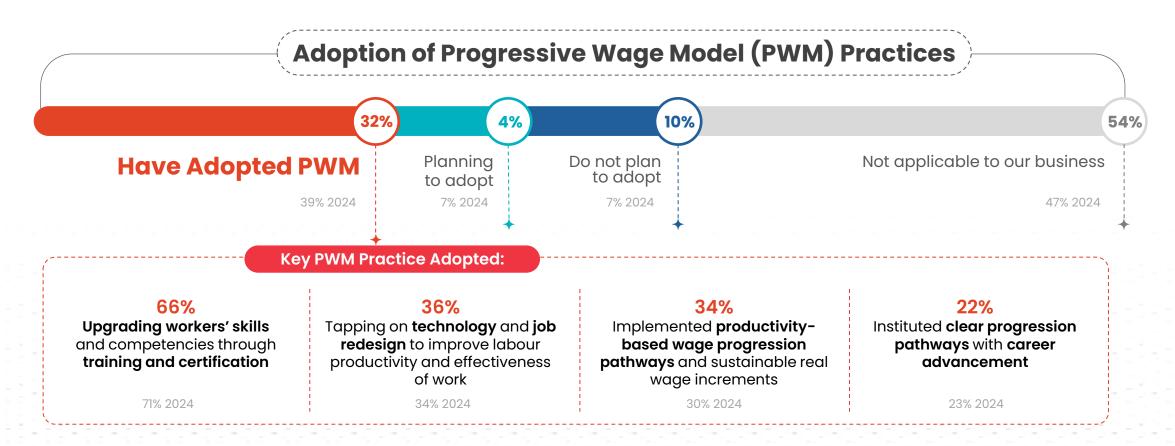
More recognition for companies that implement wage increases





PWM adoption among businesses declined slightly to 32% in 2025, down from 39% in the previous year

Most businesses implementing PWM focus on training to upgrade employee skills (66%), followed by implementing technology adoption and job redesign (36%), as well as adopting productivity-based wage progression pathways (34%).







Both SMEs and Large Companies prioritise upgrading workers' skills and competencies as the primary PWM practice



SMEs

Base: 473

31% Adopted

39% 2024

GUIDELINES USED:

Upgrading workers' skills and competencies through training and certification

Tapping on technology and job redesign to improve labour productivity and effectiveness of work

Implemented productivity-based wage progression pathways and sustainable real wage increments

21% Instituted clear progression pathways with career advancement



LARGE COMPANIES

Base: 82

39% Adopted

40% 2024

GUIDELINES USED:

75% Upgrading workers' skills and competencies through training and certification

Tapping on technology and job redesign to improve labour productivity and effectiveness of work

Implemented productivity-based wage progression pathways and sustainable real wage increments

Instituted clear progression pathways with career advancement





Higher motivation among lower-wage employees stands out as the top benefit of PWM adoption

Among the 32% of businesses that have implemented PWM...

Beyond boosting employee morale, businesses are also seeing downstream gains in talent retention and improvement in company profile, highlighting benefits in both operations and branding.

However, 39% of businesses do not observe any significant impact from the implementation of PWM practices.

Key Impacts of PWM Implementation











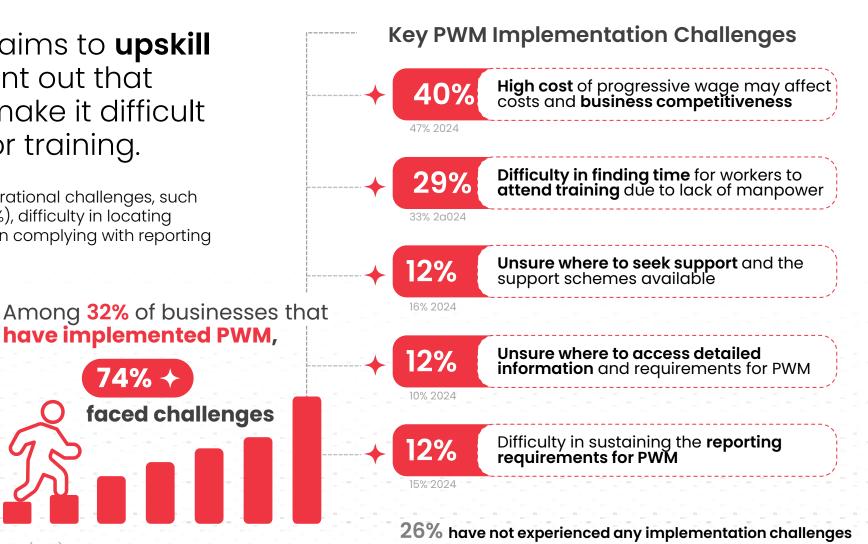


Increased cost burdens seen as the primary challenge of implementing PWM, where businesses are concerned about their ability to remain competitive

74% →

Additionally, while PWM aims to upskill workers, businesses point out that manpower shortages make it difficult to release employees for training.

Additionally, some businesses highlight operational challenges, such as a lack of clarity in accessing support (12%), difficulty in locating detailed information (12%), and challenges in complying with reporting requirements (12%).

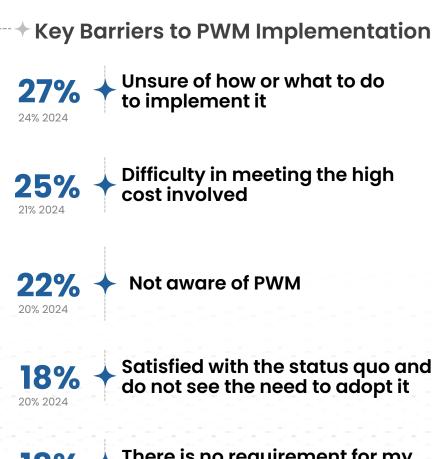






Among non-users of PWM, the key barrier is lack of knowledge on how to implement PWM practices, suggesting a need for targeted operational guidance and support.

Beyond lack of implementation knowhow, businesses highlight high cost burdens and low awareness of PWM as additional factors limiting adoption.



Among businesses that have not implemented PWM...



faced challenges

18% 24% 2024

There is no requirement for my sector/ occupation to adopt PWM



11% have not experienced any barriers to implementation



Easing cost pressures is the most immediate support businesses seek to facilitate their implementation of PWM practices

Businesses also express a need for accessible and convenient training options to ease manpower constraints, alongside practical guidance on how to operationalise PWM effectively.

Key Support Needed to Meet PWM Implementation Challenges



65%

Accessible and convenient training for workers

36%

Guided support for companies implementing PWM

35%

Toolkits for PWM implementation

26%

Platform for providing feedback on adoption challenges

25%

Platform for sharing best practices

20%

Raise recognition, branding & benefits for user companies

19%

Central reference for PWM information, schemes & training

17%





Workforce Skills Development & Career Planning





Around 2 in 3 businesses have invested in employee training over the past year

Informal training is the most common form of training implemented, suggesting a preference for on-the-job or ad-hoc training method among businesses

Additionally, informal training also has a broader reach, in which an average of 6 in 10 employees have engaged in informal training compared to only 3 in 10 for structured training via Government-related programmes, or structured training from non-Government-related programmes.

Implementation of Employee Training in P12M

66% of businesses have trained/upskilled/reskilled their staff in the P12M.

64% SMEs | 76% Large Comp.

61% of businesses provided structured training from Government-related programmes

59% SMEs | **69%** Large Comp.



... of which **3.4 in 10** employees received training.

67% of businesses provided structured training from non-Government-related programmes

66% SMEs | 71% Large Comp.



... of which **4.2 in 10** employees received training.

78% of businesses provided non-structured / informal training

77% SMEs | 87% Large Comp.



... of which **6.2 in 10** employees received training.





Businesses indicate similar levels of willingness to provide employee training in the next 12 months

Around 70% of businesses plan to provide staff training as part of workforce development efforts, with most favouring informal training methods over structured programmes

Businesses show similar levels of preference for both Government and Non-Government structured training, suggesting that businesses may perceive comparable quality and relevance. Implementation of Employee Training in N12M

70% of businesses plan to train/upskill/reskill their staff in the N12M.

69% SMEs | **78%** Large Comp.

64% of businesses intend to provide structured training from Government-related programmes

63% SMEs | 72% Large Comp.



... of which **3.6 in 10** employees to receive training.

69% of businesses intend to provide structured training from non-Government-related programmes

69% SMEs | 73% Large Comp.



... of which **4.3 in 10** employees to receive training.

80% of businesses intend to provide non-structured / informal training

77% SMEs | 94% Large Comp.



... of which **6.0 in 10** employees to receive training.





Businesses point to developing specialised, job-specific skills as the top priority for employee training

In addition to strengthening jobspecific competencies, businesses also prioritise leadership development, analytical thinking, and interpersonal skills as key areas of development.

Digital and general IT skills are seen as less important, along with strengthening academic qualifications.

Key Areas of Employee Training

61%

Specialised skills needed in their job role

47%

Leadership and management skills

45%

Analytical, conceptual, evaluative and problem-solving skills

41%

Interpersonal skills

26%

Specialised digital skills

26%

General IT skills

10%

Academic qualifications





Cost burden and lack of manpower to cover for staff who undergo training are the biggest challenges businesses face when investing in employee training

Additionally, businesses find it difficult to assess the return on investment (ROI) of training programmes (26%), and some are concerned about the risk of the trained employees leaving before the business can benefit from their upskilling (26%).

Challenges Businesses Face When Investing in Employee Training



48% Concern about cost of training

(48% 2024)



27% Training programmes are not tailored to industry or workforce needs

NA in 2024



48% Limited manpower to cover for staff who are undergoing training

(55% 2024)



(32% 2024)

26% Training programmes do not offer practical business applications outcomes

(33% 2024)



31% Difficult to measure the Returns on Investment (ROI) on training programmes

(25% 2024)



25% Lack of non-monetary resources to support training



31% Concern that employees may leave before training yields benefits

(35% 2024)



23% Concern that trained employees may be poached by competitors





Cost of providing training and limited manpower are the biggest challenge for SMEs, while Large Companies indicate difficulty in measuring the ROI of training as their key concern

Challenges Businesses Face When Investing in Employee Training

SMEs Base: 473			LARGE COMPANIES Base: 82
Concern about cost of training	51% (49% 2024)	••	Difficult to measure the Returns on Investment (ROI) on training programmes 45% (23% 2024)
Limited manpower to cover for staff who are undergoing training	50% (56% 2024)	•	Limited manpower to cover for staff who are undergoing training (150% 2024)
Concern that employees may leave before training yields benefits	33% (38% 2024)	•	Concern about cost of training 36%
Difficult to measure the Returns on Investment (ROI) on training programmes	29% (26% 2024)	•	Training programmes are not tailored to industry or workforce 26% needs
Training programmes are not tailored to industry or workforce needs	28% (0% 2024)		Lack of non-monetary resources to support training (35% 2024)





Financial support to reduce the cost burden of training or enable businesses to implement training in house is the most important form of support sought by businesses

Additionally, manpower support and better access to information on relevant training programmes are additional support businesses look for to reduce operational burden of investing in employee training.

Key Areas of Support for Investing in Employee Training

41% +

Support schemes that defray the cost of training

(52% 2024)

39% + More flexible and accessible training programmes

(41% 2024)

39% →

Financial assistance / incentives to offset business costs in other areas

(48% 2024)

34% →

Financial assistance for implementing training in-house

(38% 2024)

Manpower support when staff goes for training

Better access to information on relevant training programmes

(31% 2024)

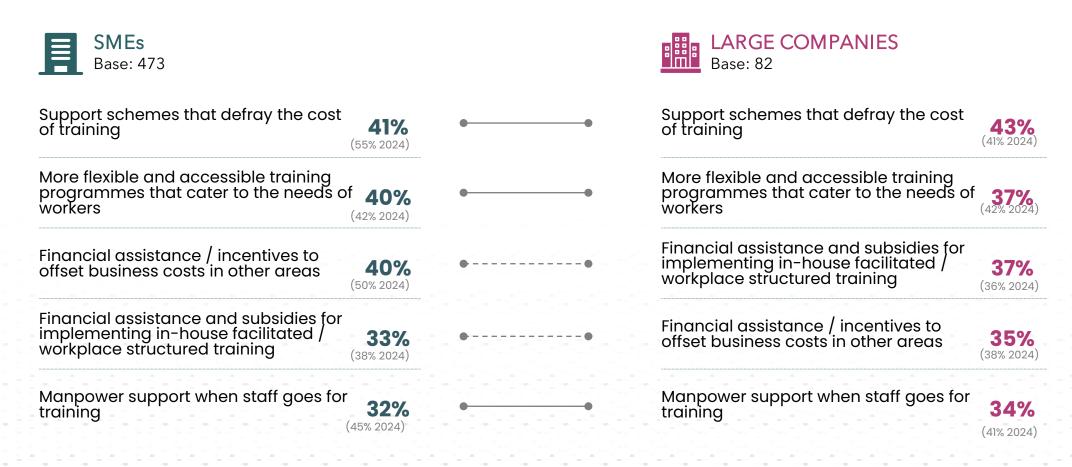
18% do not require support for investing in employee training





SMEs and Large Companies generally look for the same types of support to manage the challenges of providing employee training

Key Areas of Support for Investing in Employee Training







Around 1 in 3 businesses have provided career planning to their employees over the last 12 months

Implementation of Career Planning in P12M

Among the businesses that have offered career planning, around half have only offered informal career planning

Meanwhile, 38% of businesses have provided both structured and informal career planning to employees.

31% of businesses have provided career planning to their staff in the P12M.

(-5% 2024)

29% SMEs | **46%** Large Comp.

11% of businesses provided employees with structured career planning only

(+5% 2024)

10% SMEs | 16% Large Comp.



... of which 7.4 in 10 received career planning.

51% of businesses provided employees with **Informal career** planning only

(+18% 2023)

53% SMEs | 45% Large Comp.



... of which 4.8 in 10 received career planning.

38% of businesses provided employees with both forms of career planning

(-23% 2024)

37% SMEs | 39% Large Comp.



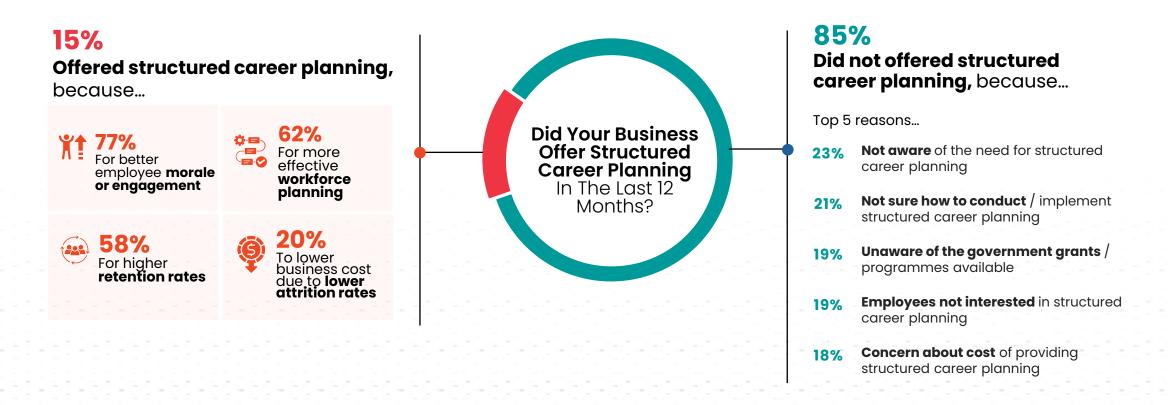
... of which 3.7 in 10 received career planning.





Majority of businesses did not provide structured career planning the last 12 months, top reasons for not doing so is a lack of awareness or know-how regarding the programme

Among those who have offered structured career planning, an improvement in employee morale (77%) and more effective workplace planning (62%) are the top benefits they have observed.





Base: All Respondents, n=555 (2025)
Q33a Did your company offer career planning for your employees in the last 12 months?
Base: Those who have offered structured career planning, n=84 (2025)
Q33b Why did your company offer structured career planning for your employees in the last 12 months? hose who have not offered structured career planning, n=471 (2025)

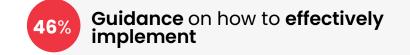
Q33c Why did your company not offer structured career planning for your employees in the last 12 months?



🔷 Businesses mainly look for more guidance on implementation as well as financial assistance to offset the cost burden of implementation

Beyond financial and operational support, some businesses also point to the need for cross-sharing of best practices and experience to facilitate better implementation of structured career planning.

Support Needed for Implementing Structured Career Planning





Financial assistance and subsidies



Provide subsidised training on structured career planning



Financial assistance to offset business costs in other areas



Industry collaboration to share best practices and experience



More **public education** for **employees** to support employers and play their part 25%



More recognition for companies who implement structured career planning



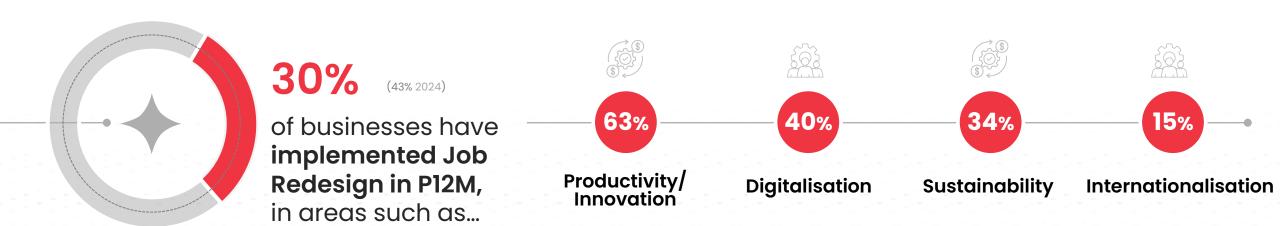




Around 1 in 3 businesses have engaged in Job Redesign initiatives in the past 12 months, primarily to improve productivity outcomes and drive innovation

Beyond enhancing productivity, businesses also pursued Job Redesign initiatives to drive digitalisation (40%) and sustainability (34%).

Implementation of Job Redesign







The key challenge businesses face in Job Redesign efforts is overcoming employee resistance, indicating need to for better communication strategies to change mindsets

Beyond financial and operational support, some businesses also point to the need for cross-sharing of best practices and experience to facilitate better implementation of structured career planning.

Challenges to Job Redesign







Employee resistance is the biggest challenge faced by both SMEs and Large Companies in implementing Job Redesign

Large Companies also more likely to experience negative impacts to productivity during the initial phase of implementation (35%).

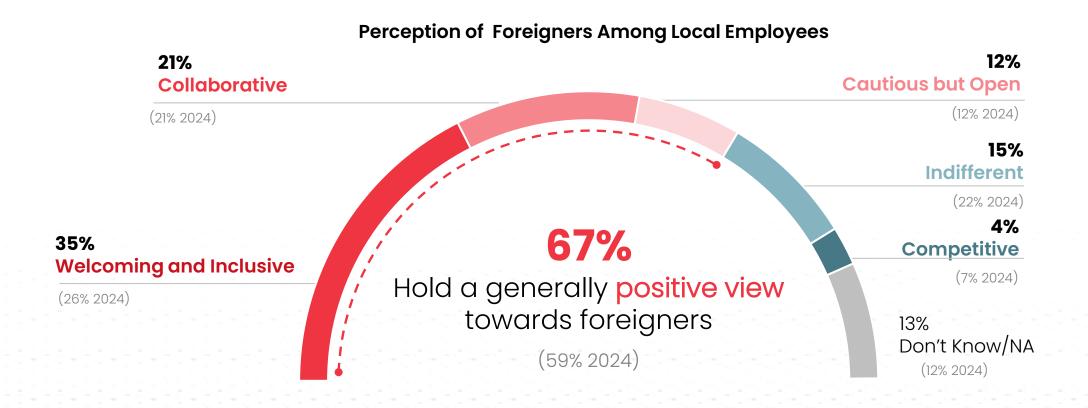
Challenges to Job Redesign

SMEs Base: 473			LARGE COMPANIES Base: 82	
Employees may be resistant to change	42%	•	Employees may be resistant to change	40%
Need to upskill staff to meet new or revised job scope	28%	•	Productivity challenges in the initial stages of implementation	35%
The company lacks the resources to successfully implement Job Redesign	27%	•	Need to upskill staff to meet new or revised job scope	34%
It will create job uncertainties among employees	24%		The company lacks the resources to successfully implement Job Redesign	29%
High implementation costs	22%	•	It will create job uncertainties among employees	27%





Positive sentiment towards foreigners has risen in 2025, led by stronger perceptions of inclusivity and openness among local employees







Cross-functional teams remains the key approach businesses use to foster integration between local and foreign employees

Engagement in community and cultural integration activities saw an increase in 2025, indicating an increased effort to foster connections between local and foreign employees beyond work settings.

Key Policies to Integrate Foreign & Local Workforce

41%	
Cross-functional teams	(42% 2024)
Community and cultural integration activities	(22% 2024)
Diversity, Equity and Inclusion HR policies	(21% 2024)
↑15% Mentorship programmes	(15% 2024)
Cultural awareness training	(12% 2024)
Leadership training to manage diverse teams	(18% 2024)
28% have not implemented any integration policies	



Thank you.







Survey conducted by:

Research & Publishing Advocacy & Policy Division Singapore Business Federation

If you have any enquiry, kindly contact research@sbf.org.sg.