



**社会经济研究中心**  
**SOCIO-ECONOMIC  
RESEARCH CENTRE**

**Malaysia's Quarterly Economy Tracker  
(Apr-Jun 2023)**

**Sustaining Economic Resilience Amid  
Persistent Challenges**

**Lee Heng Guie**  
**Executive Director**

**2 August 2023**

# Agenda



**Global growth continues but remain weak**



**Malaysia: Slower growth in 2H 2023**



**Key developments to watch**

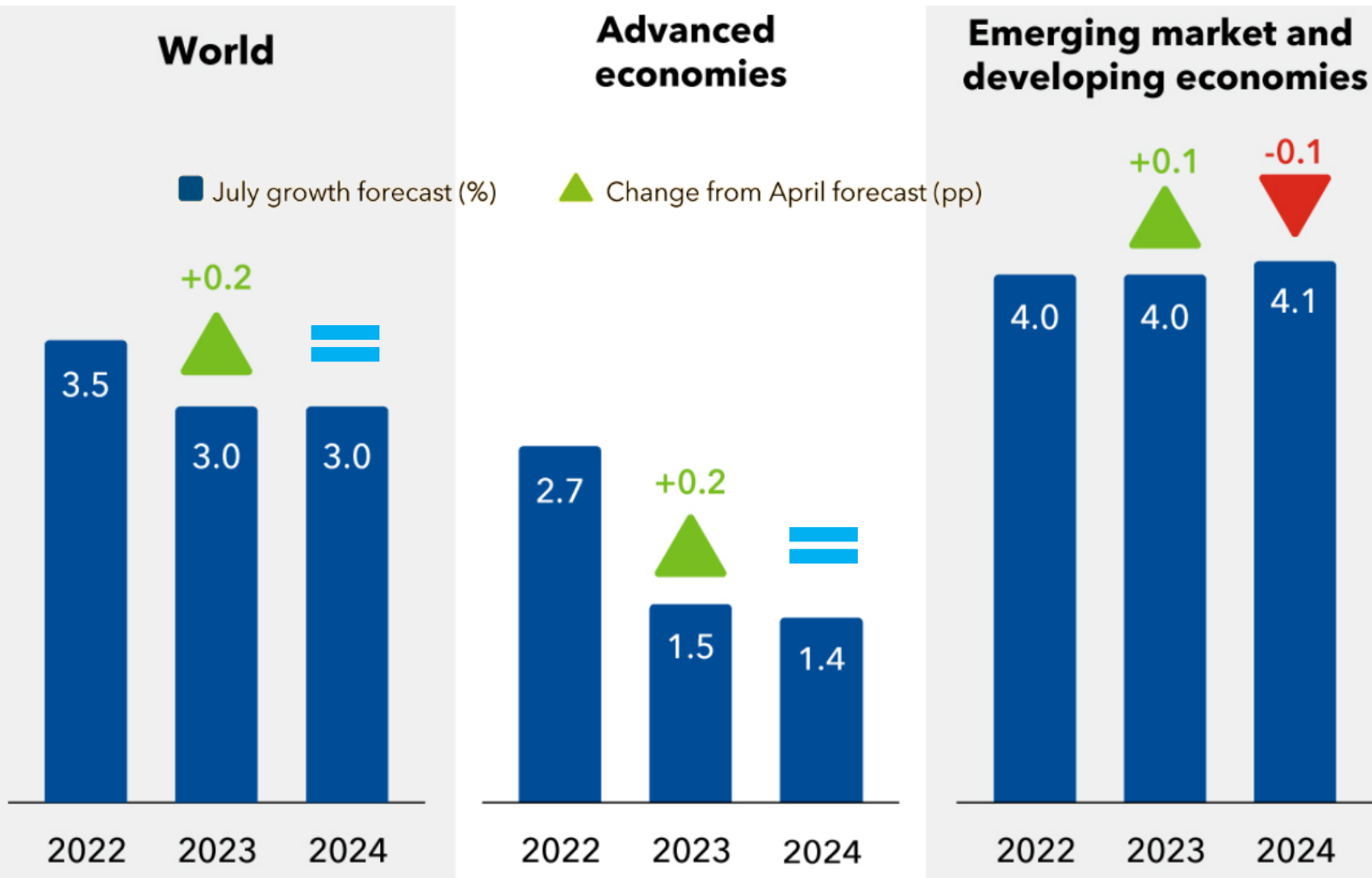


**The economic case for Progressive Wage Model (PWM)**

# Global Economic Outlook

- *Global economy continues to recovery gradually*
- *Challenges cloud the horizon:*
  - *Russia's invasion in Ukraine*
  - *Core inflation remains high*
  - *Effects of higher interest rates*
- *Global monetary tightening cycle may come to an end*

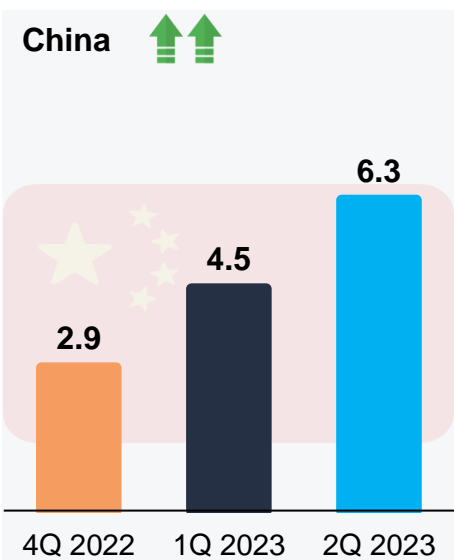
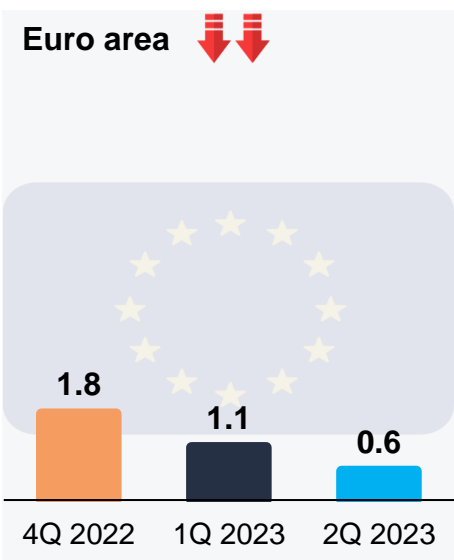
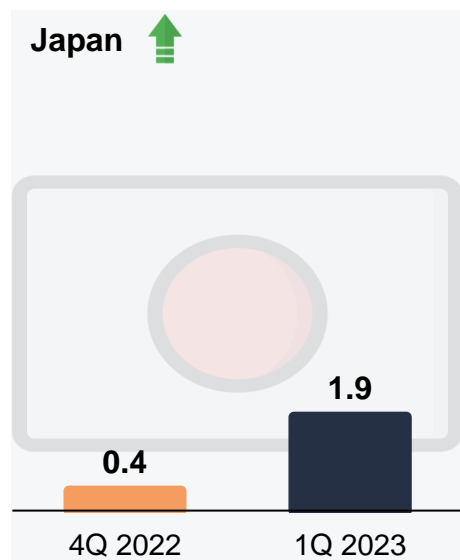
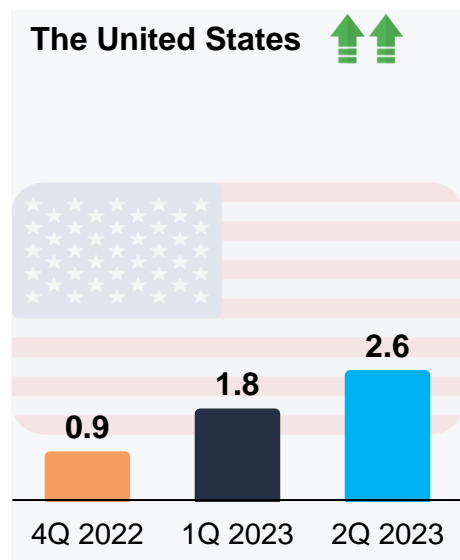
# Global recovery continues but growth remains weak



Source: IMF

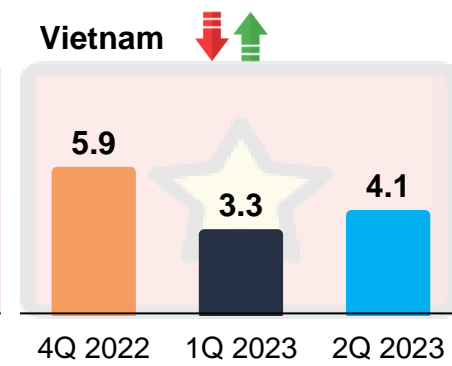
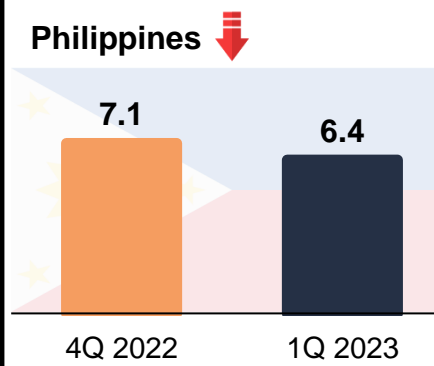
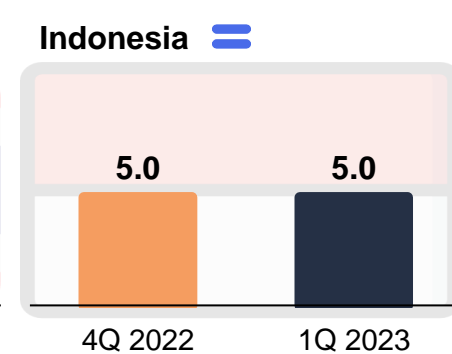
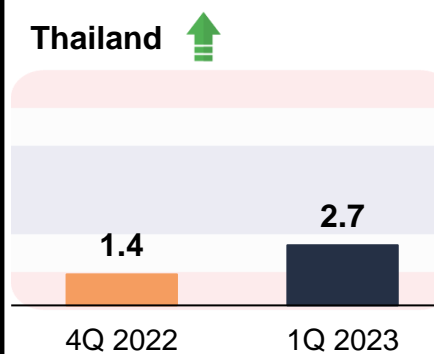
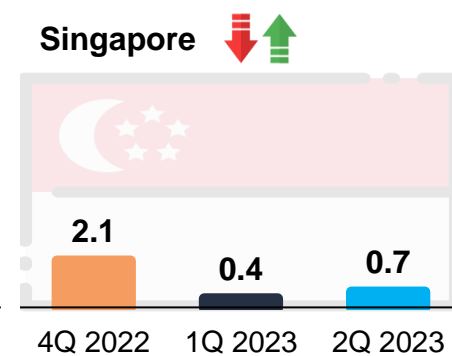
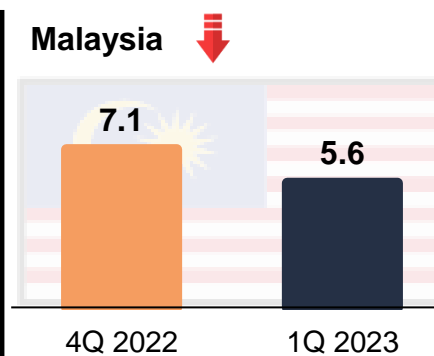
# GDP growth heatmap for advanced and emerging economies

## The key economic powerhouse



## Regionally ...

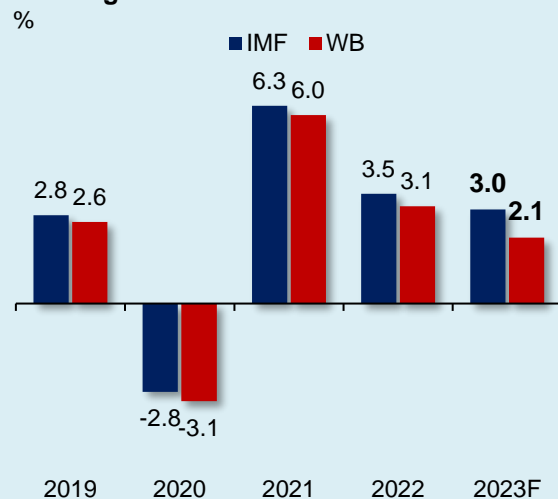
%, YoY



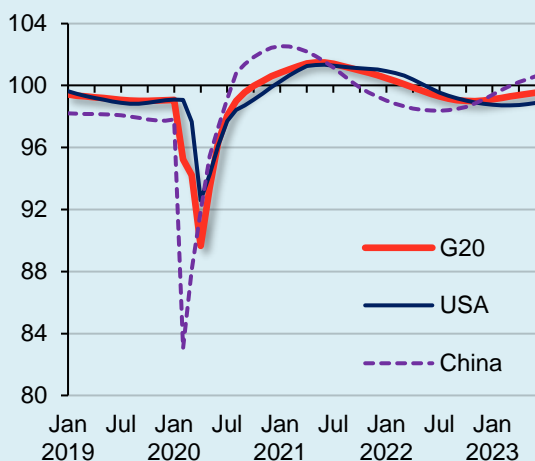
Source: Various officials (unadjusted data except for Euro Area)

# High-frequency data suggest slowing global economic growth

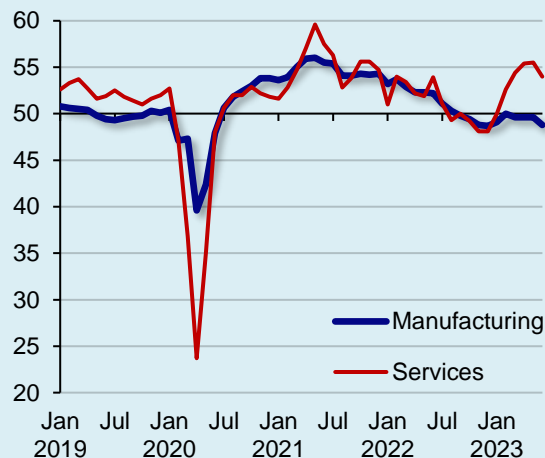
Global growth estimates



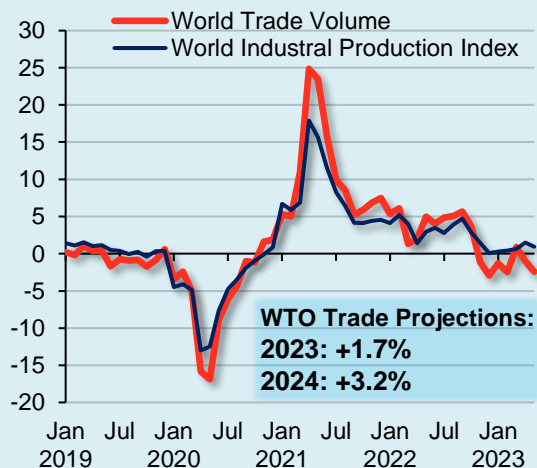
OECD Composite Leading Indicators (CLI)  
100=Long-term average



Global PMI for manufacturing & services  
50=Threshold



World trade volume & industrial production  
%, YoY



- The OECD Composite Leading Indicators **stayed below its long-term average** with an insignificant upward turning for overall G20, indicating still weak global economic recovery.
- Global **Manufacturing PMI continued to stay below the threshold expansion mark for four consecutive months** in Jun 2023. Services PMI has seen weaker increase in June.
- **Global trade volume** remained weak on slower demand.

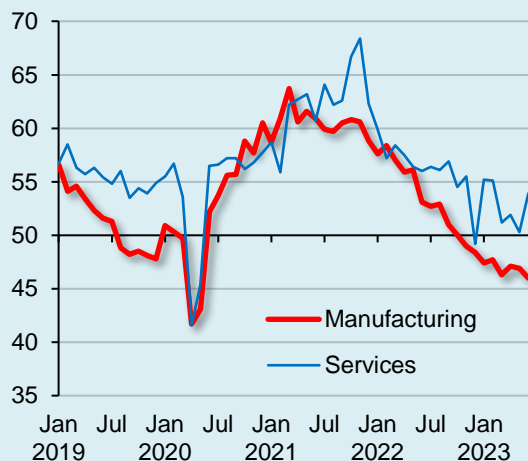
Source: International Monetary Fund (IMF); World Bank (WB); S&P Global; Organisation for Economic Co-operation and Development (OECD); CPB Netherlands

# Performance of major economies

## United States

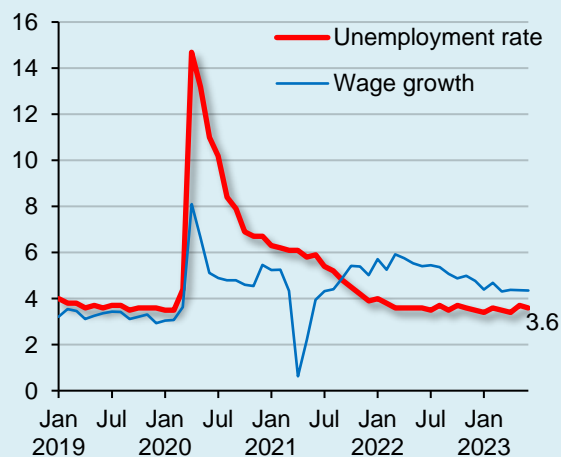
### Manufacturing and services PMI

50=Threshold



### Unemployment rate and wage growth

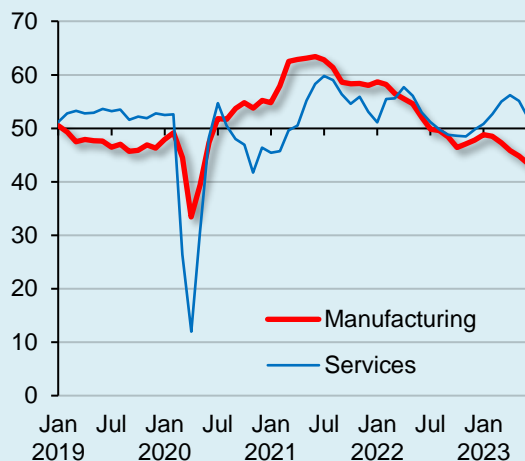
% / %, YoY



## Euro Area

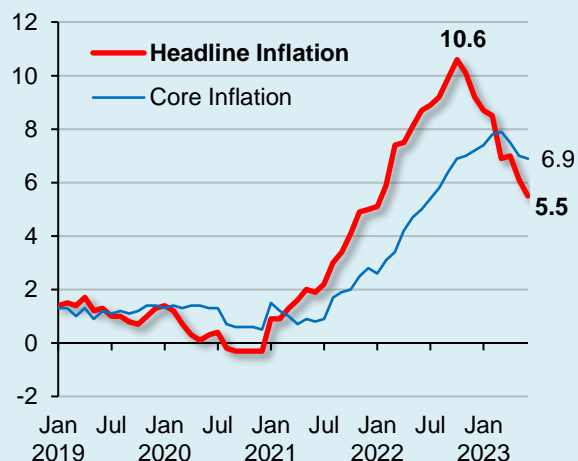
### Manufacturing and services PMI

50=Threshold



### Headline & core inflation

%, YoY



## The United States – Still strong private consumption

- The economy remained resilient in 2Q.
- Jobs data defy expectations for a sharp slowdown.
- Lingering recession fears remain due to the lag impact of higher interest rates.

## Euro Area – Seemingly tepid

- Economic momentum challenged by rising interest rates, high inflation albeit moderating and global headwinds.
- Economic sentiment was weak. Most high frequency data point to contracting growth.

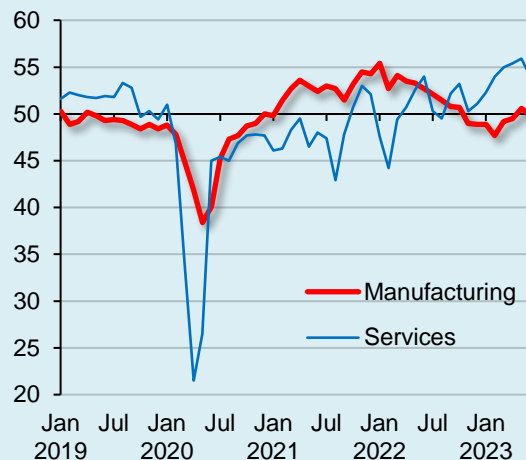
Source: Institute for Supply Management (ISM); US Bureau of Labour Statistics; S&P Global; Eurostat

# Performance of major economies (cont.)

## Japan

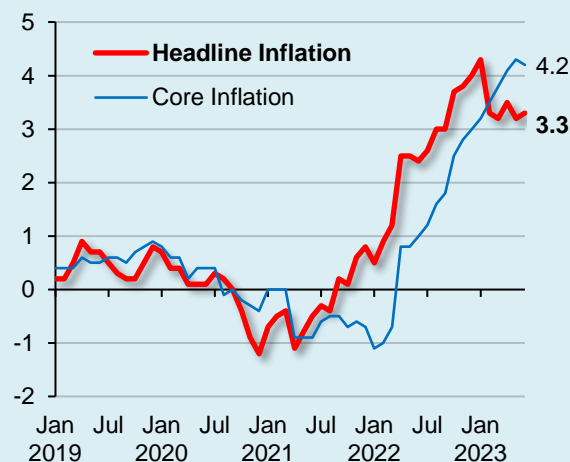
### Manufacturing and services PMI

50=Threshold



### Headline & core inflation

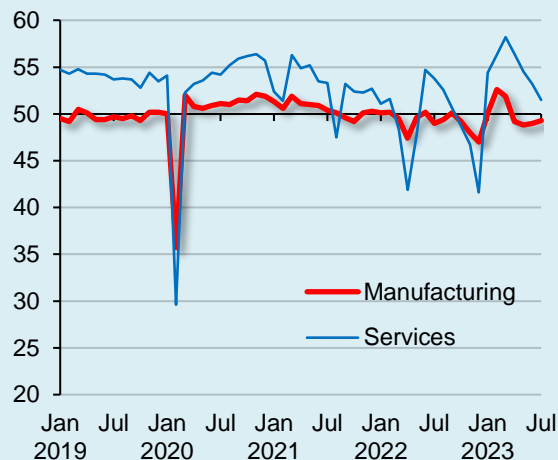
%, YoY



## China

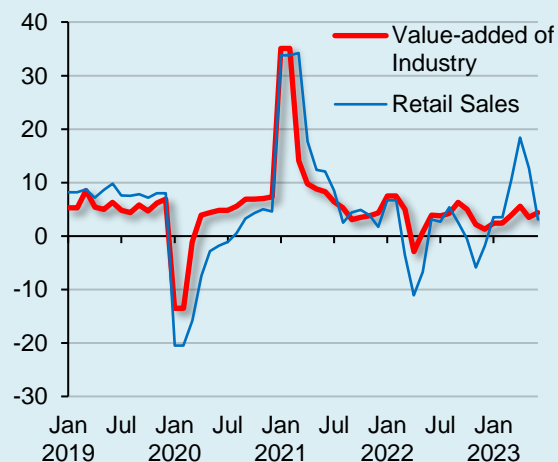
### Manufacturing and services PMI

50=Threshold



### Industrial and retail activities

%, YoY



## Japan – Losing some steam

- Continue to expand due to recovering consumer spending and private non-residential investment.
- External demand dragging the performance

## China – Stuttering recovery

- Underlying momentum is losing steam as the anticipated pandemic's economic reopening boost fades.
- A mix bag of economic data in June.

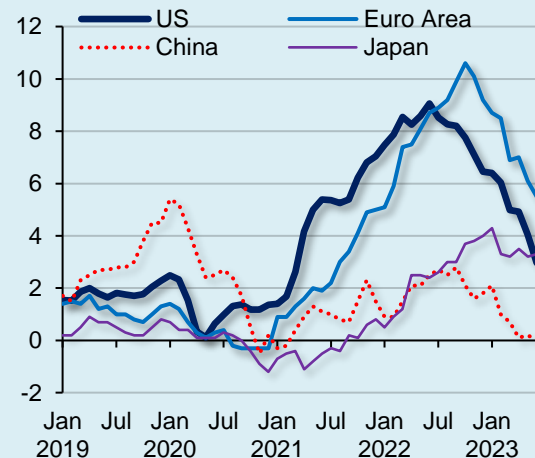
Source: S&P Global; Statistics Bureau of Japan; National Bureau of Statistics of China



# Headline inflation pressures eased; core inflation remains elevated

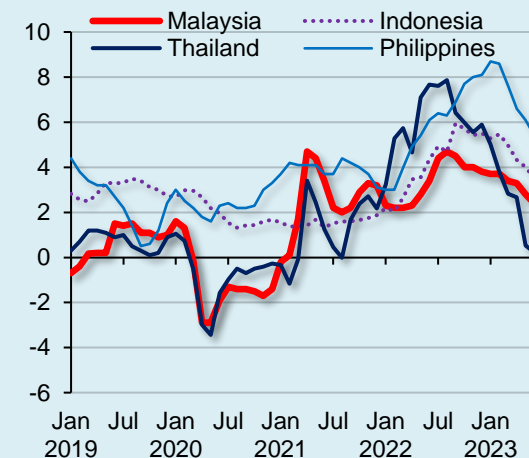
**Inflation – Advanced economies**

%, YoY



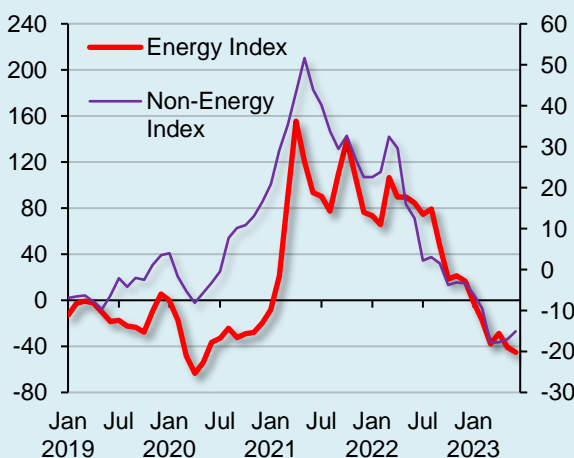
**Inflation – Selected ASEAN economies**

%, YoY



**Energy index**

%, YoY

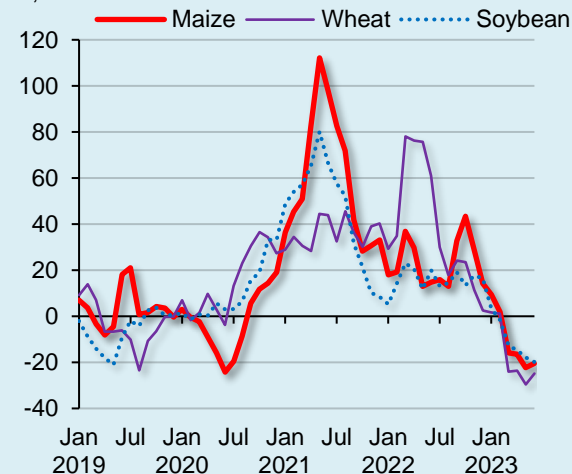


**Non-energy index**

%, YoY

**Selected global food prices**

%, YoY

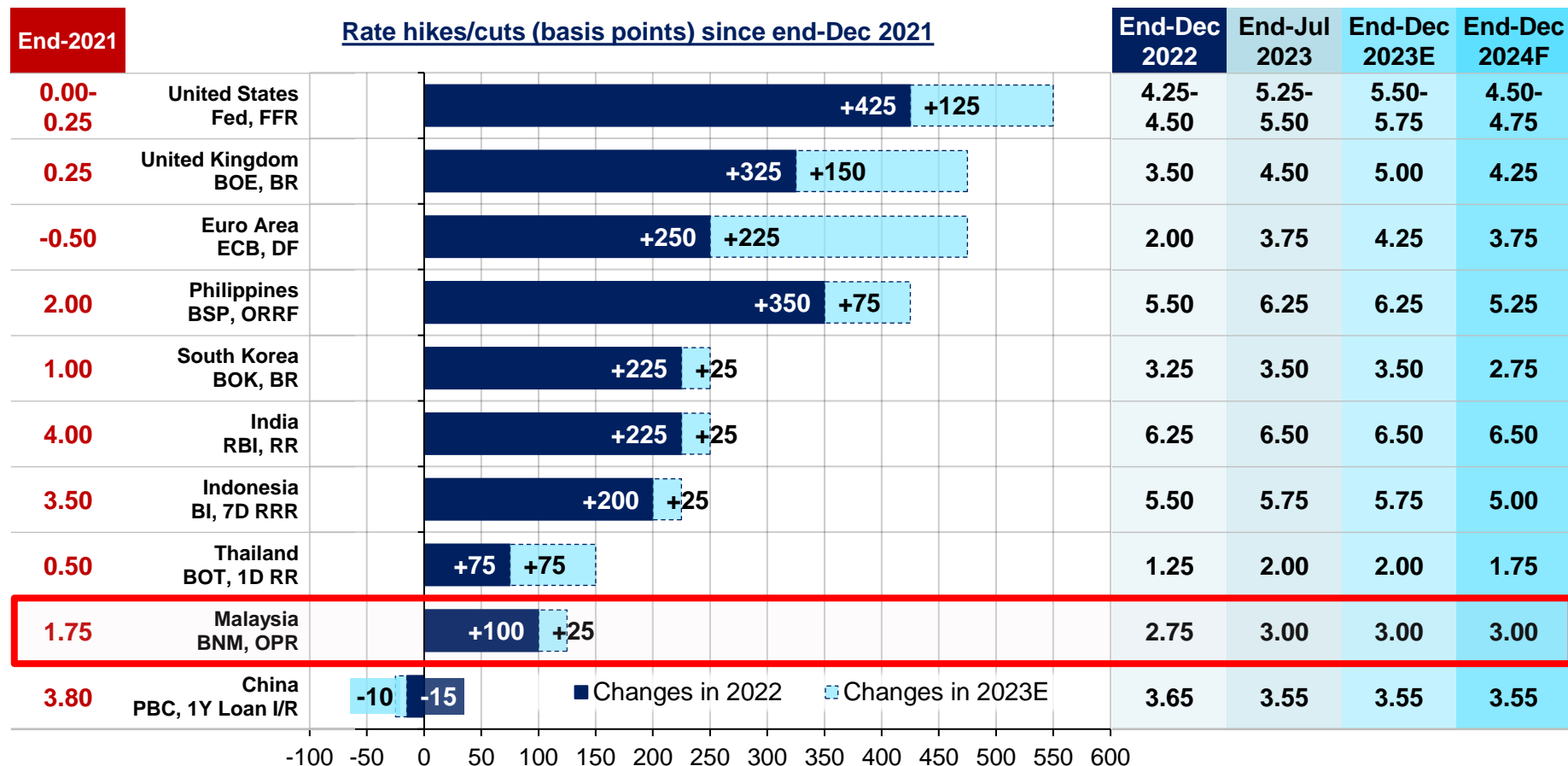


- **Headline inflation trends are down**, but labour markets pressure services prices, adding to core inflation.
- **Global commodity prices, tight labour markets that drive up services inflation, and ongoing globalisation reset**, which could offset some of the efficiency gains in the global supply chains, are among the key risks that could increase inflationary pressures in 2H 2023 and 2024.

Source: World Bank; Various officials for inflation data

# Interest rates may need to stay high for a longer while

Policy rate (%)



Note: For rate in a range, upper-bound applies in chart.

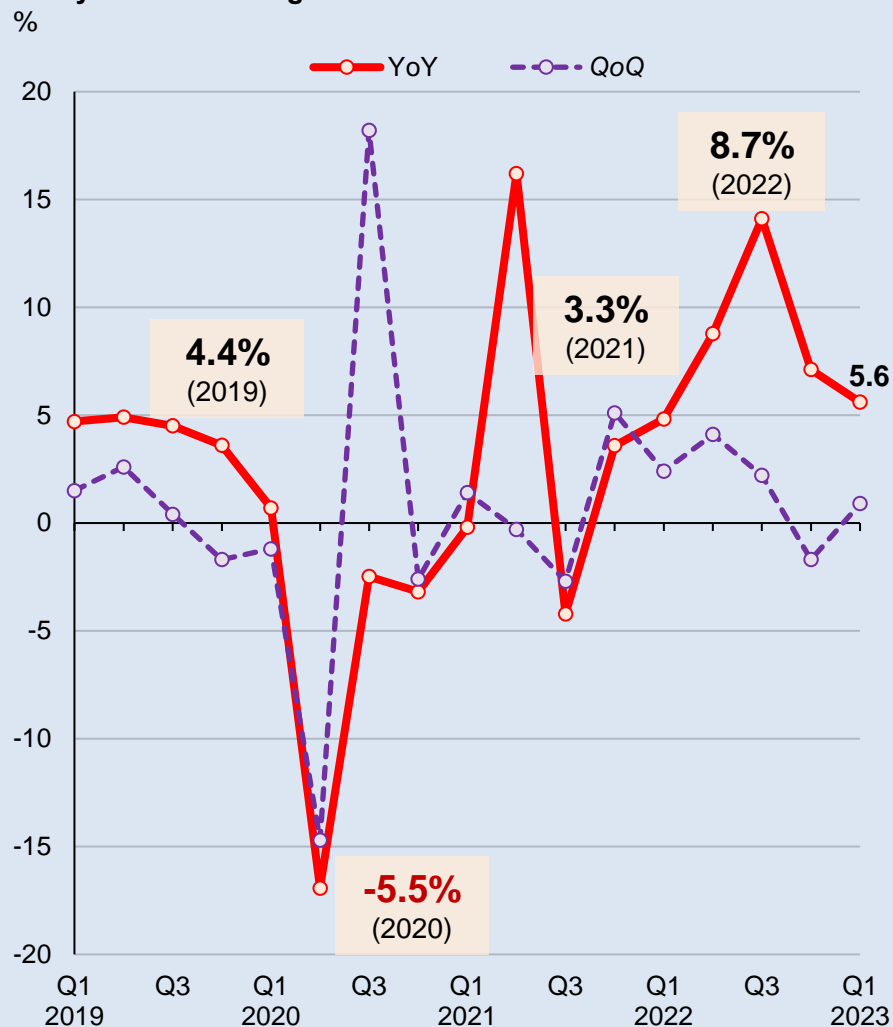
Source: Various officials

## **Malaysia: Slower growth in 2H 2023**

- *Economic growth has moderated in recent months*
- *Falling exports; slowing industrial output*
- *Headline inflation moderating; core and services inflation remained high*
- *Cautious consumers' discretionary spending*
- *Inflation risk remains on the cards*

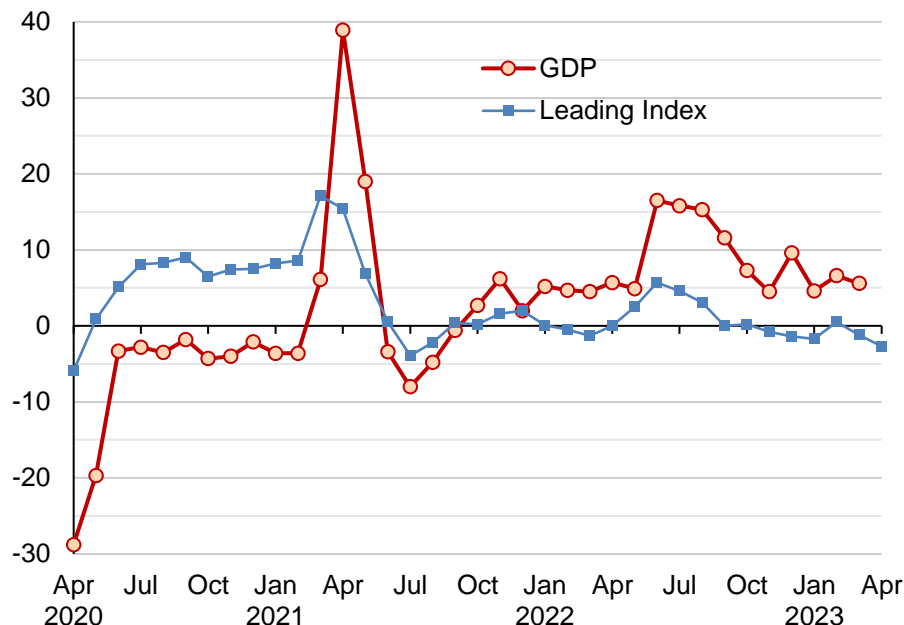
# Growth downtrend continues

Malaysia's real GDP growth



- Real GDP growth will continue to slow in the quarters ahead (4.5% in 2023 vs. 8.7% in 2022).
- Exports to be a considerable drag on the economy.
- Continued normalisation of consumer spending (4.5% and 5.0% in 2023-2024 vs. an average growth of 7.1% per annum (pa) in 2016-2019).

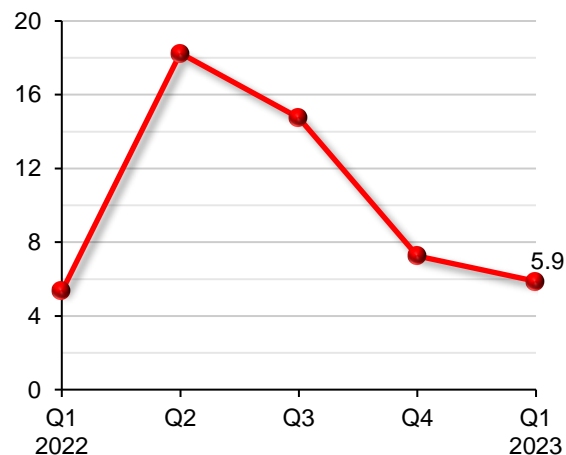
Monthly GDP and leading index growth  
%, YoY



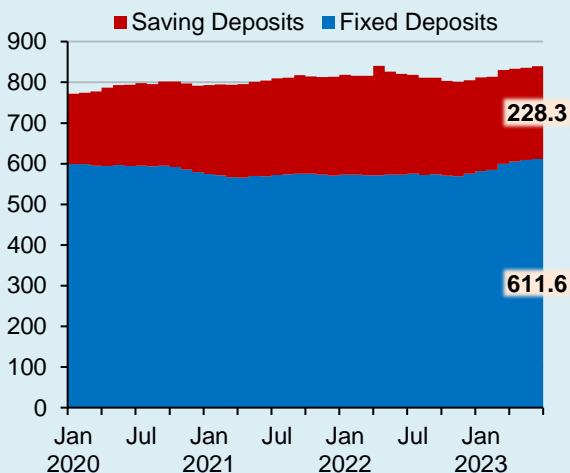
Source: Department of Statistics, Malaysia (DOSM)

# Near-term outlook for consumer spending

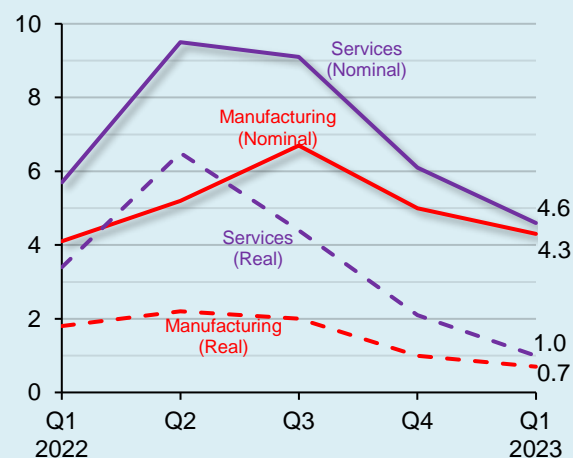
**Private consumption growth**  
%, YoY



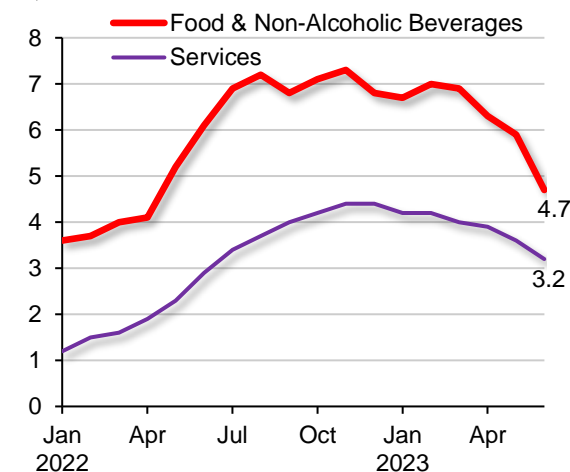
**Fixed and saving deposits**  
RM billion



**Nominal & real wages by sectors**  
%, YoY



**Food and services inflation**  
%, YoY

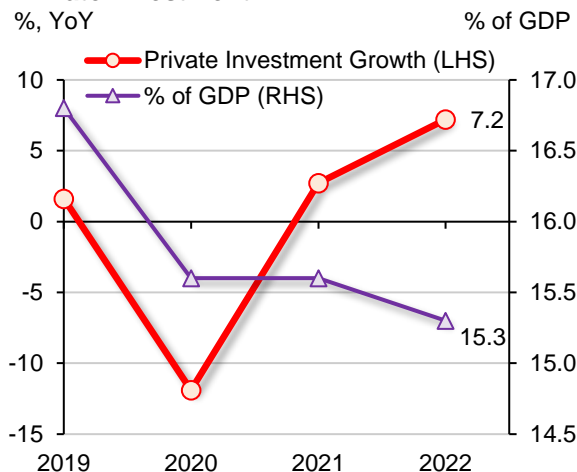


- 1 Cash stimulus has already been spent; or some were saved.
- 2 Spending booms as “revenge spending” on travel and consumer services post-pandemic has faded.
- 3 As consumer spending renormalises, they could conceivably spend less on durable consumer goods.
- 4 Higher interest rates (borrowing costs) would mean higher debt service payments for higher-debt borrowers. 53.4% of total household loan accounts have floating-rate loans.
- 5 Risks that could increase inflationary pressures in 2H 2023 and 2024.

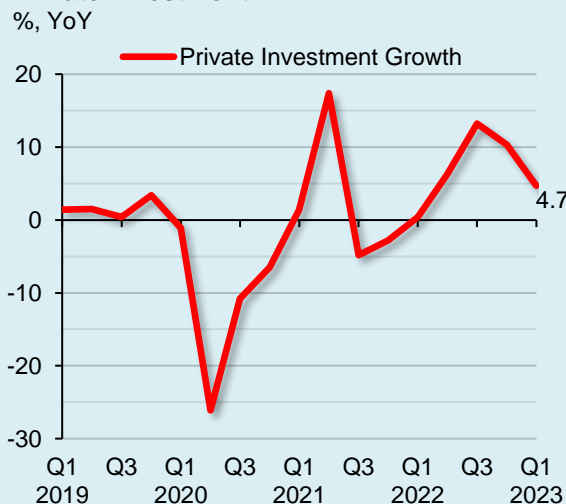
Source: Bank Negara Malaysia, DOSM

# Near-term outlook for private investment

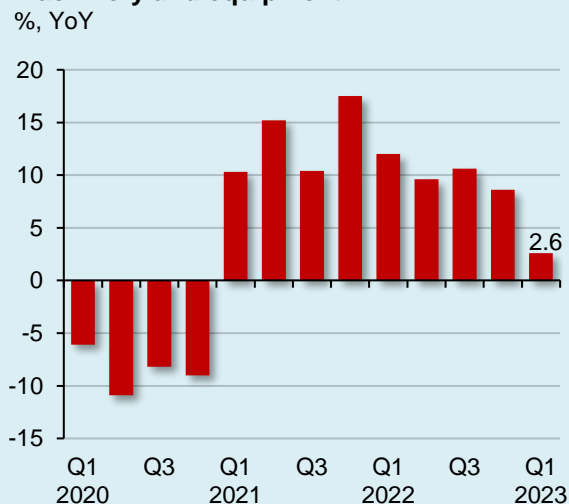
**Private investment**



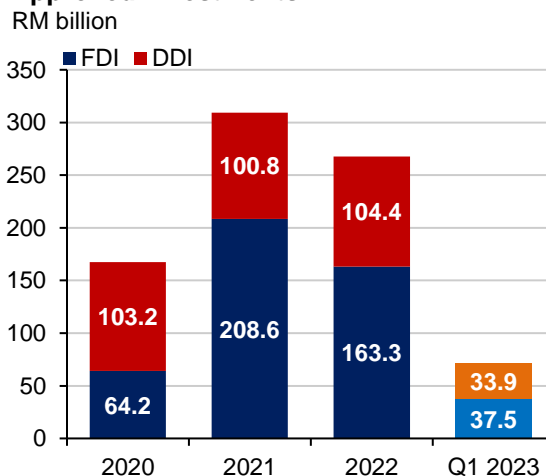
**Private investment**



**Machinery and equipment**



**Approved investments**



- Increased business costs and concerns about global and domestic economic prospects.

## • Catalysts for investment

- High amount of investment approvals in 2021-2022 at an average of RM288.6 billion per annum.
- On-going implementation of public infrastructure projects: ECRL, LRT3, MyDIGITAL 5G, Pan Borneo Highway.
- Economy MADANI framework; National Energy Transition Roadmap (part 1); New Industrial Master Plan in August 2023; and The Mid-Term Review of 12MP in September.

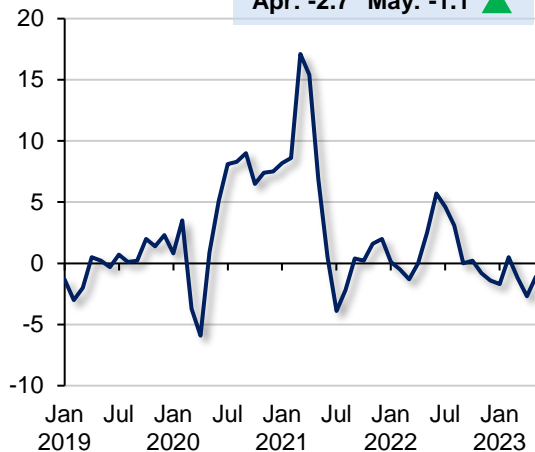
Source: DOSM, MIDA

# Tracking Malaysia's economic indicators

## Leading indicators

%, YoY

Apr: -2.7 May: -1.1 ▲



## Purchasing Managers' Index (PMI)

50=Threshold

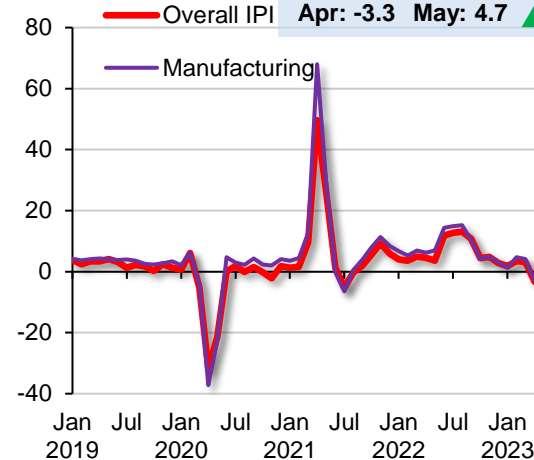
May: 47.8 Jun: 47.7 ▼



## Industrial production index (IPI)

%, YoY

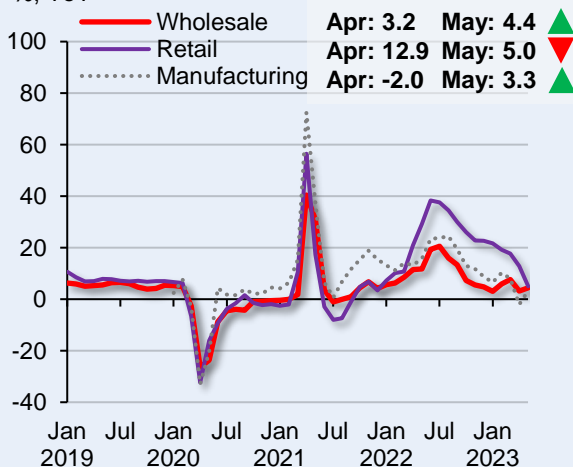
Apr: -3.3 May: 4.7 ▲



## Wholesale, retail & manufacturing sales

%, YoY

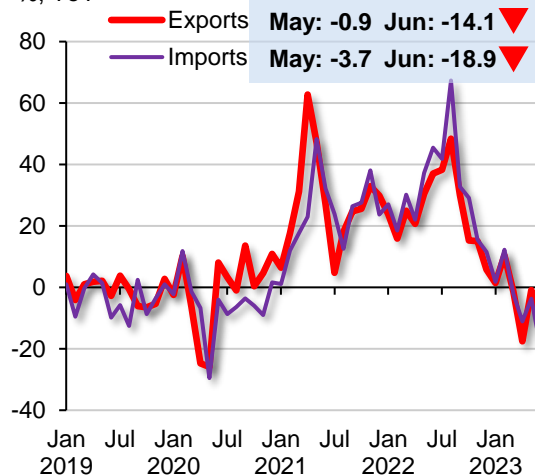
Apr: 3.2 May: 4.4 ▲  
Apr: 12.9 May: 5.0 ▼  
Apr: -2.0 May: 3.3 ▲



## External trade

%, YoY

May: -0.9 Jun: -14.1 ▼  
May: -3.7 Jun: -18.9 ▼

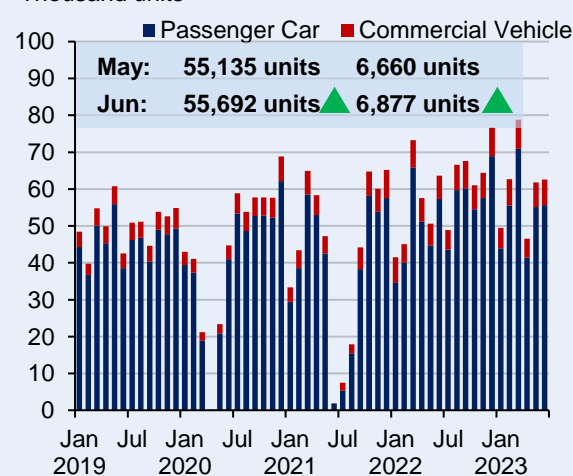


## Sales of passenger & commercial vehicles

Thousand units

■ Passenger Car ■ Commercial Vehicle

May: 55,135 units 6,660 units  
Jun: 55,692 units 6,877 units ▲

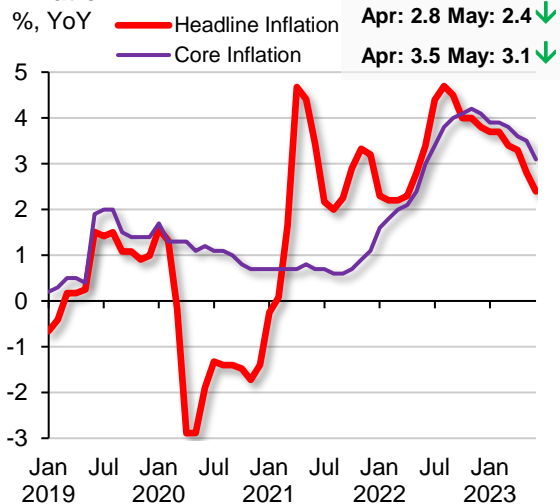


Source: S&P Global; DOSM; Malaysian Automotive Association (MAA)

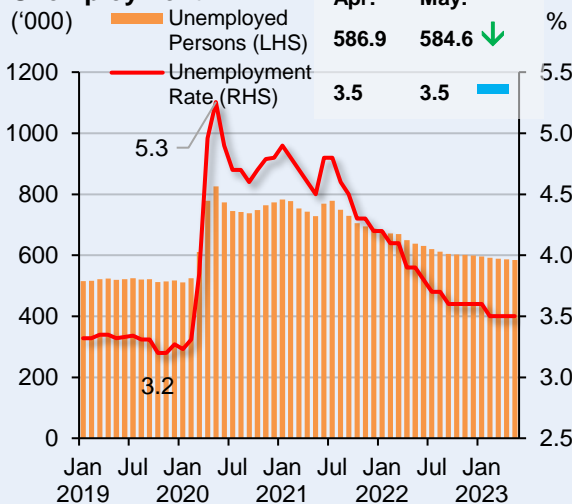


# Tracking Malaysia's economic indicators (cont.)

## Inflation



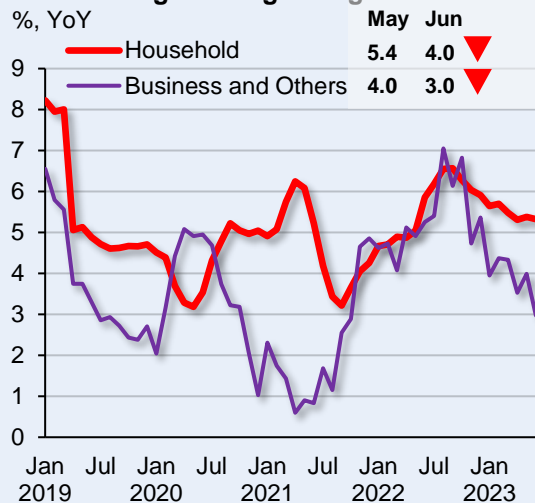
## Unemployment



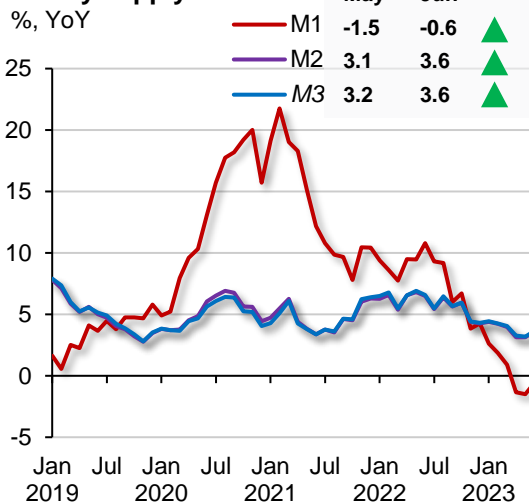
## Manufacturing wage (per employee) growth



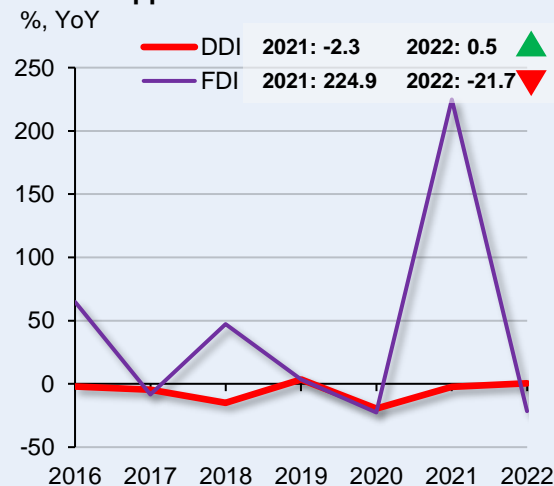
## Outstanding banking loan growth



## Money supply



## MIDA's approved investments

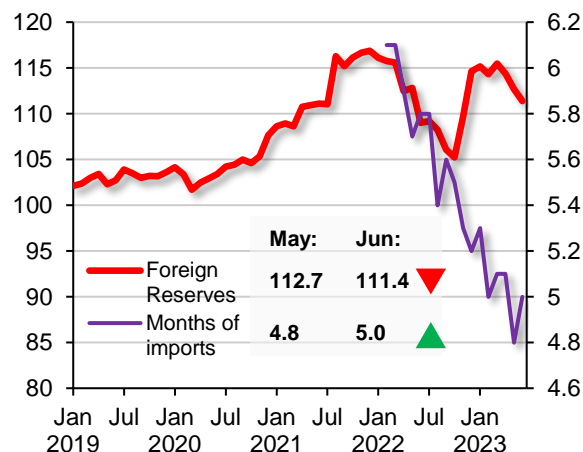


Source: DOSM; BNM; MIDA



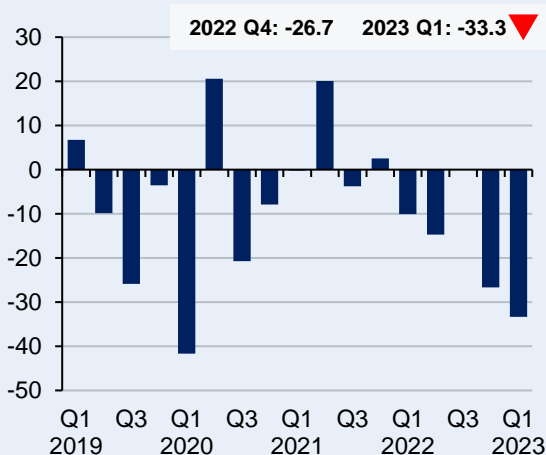
# Tracking Malaysia's financial indicators

**Foreign reserves**  
US\$ billion

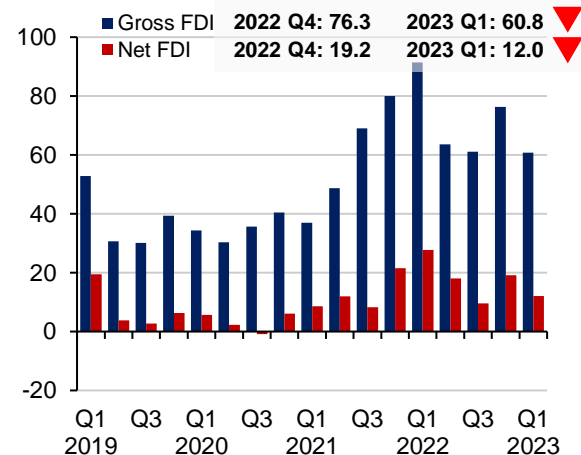


**Months of imports of goods and services**

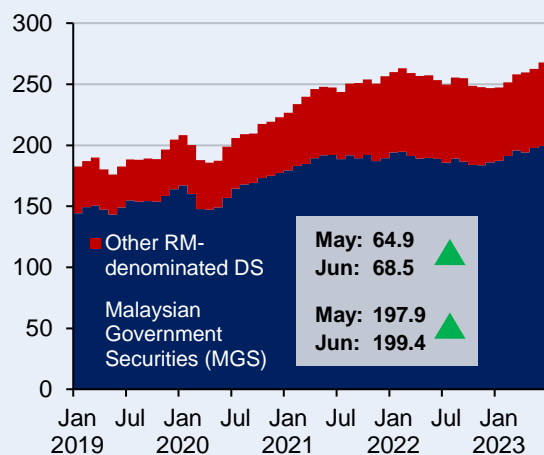
**Net portfolio investment**  
RM billion



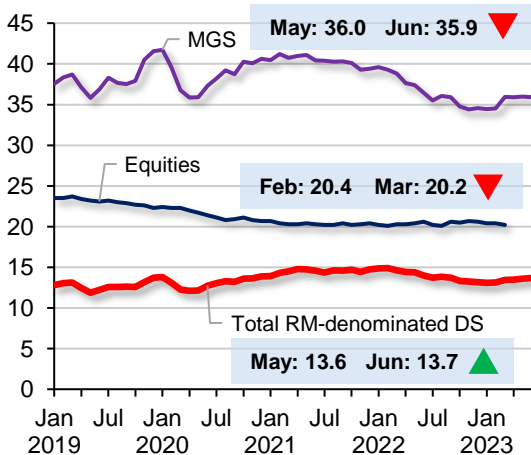
**Foreign direct investment (FDI)**  
RM billion



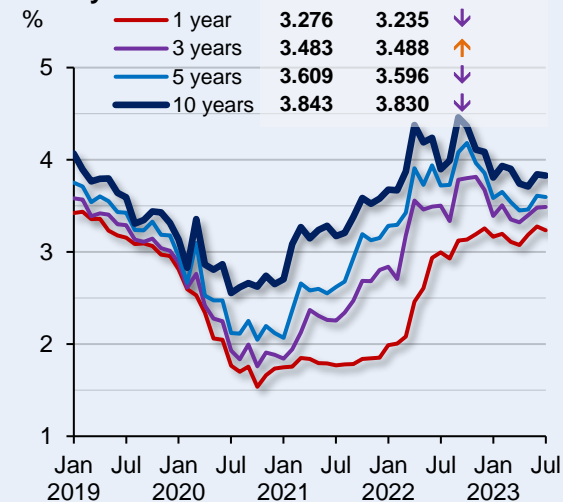
**Foreign-owned debt securities (DS)**  
RM billion



**Foreign-owned debts and equities**  
% share




































**MGS yield**



Source: DOSM; BNM; MIDA

# Selected economic indicators at a glance

Indicators	April 2023	May 2023	June 2023
 <b>Leading index</b> %, YoY	108.4 -2.7%	110.3  -1.1% 	
 <b>Purchasing Managers' Index</b>	48.8	47.8 	47.7 
 <b>Industrial production index</b> %, YoY	116.5 -3.3%	125.0  +4.7% 	
 <b>Distributive trade</b> %, YoY	RM136.0bn +6.3%	RM138.0bn  +6.6% 	
 <b>Exports</b> %, YoY	RM105.2bn -17.5%	RM119.5bn  -0.9% 	RM124.0bn  -14.1% 
 <b>Headline Inflation</b> Core Inflation	+3.3% +3.6%	+2.8%  +3.5% 	+2.4%  +3.1% 
 <b>Unemployed persons</b> Unemployment rate	586,900 3.5%	584,600  3.5% 	
 <b>Outstanding banking loan</b> %, YoY	RM2,038bn +4.6%	RM2,048bn  +4.8% 	RM2,053bn  +4.4% 
 <b>Foreign reserve</b>	US\$114.4bn	US\$112.7bn 	US\$111.4bn 

Source: DOSM; BNM

Note: Arrow indicates the performance compared to previous month.



# Risks to the inflation subject to persistence in core inflation

## Outside food



总会：供应商起价无奈调涨 咖啡店业者喊冤



麥當勞漲價 第一季多賺63%



## Medicine



MALAYSIA

Report: Medicine prices expected to go up 5pc due to weak ringgit



运费调高 马币跌跌不休 中药材越卖越贵

中药材当归价格一个月暴涨逾70% 商家争相抢货

## Software



Apple hikes 2TB iCloud+ subscription price to RM44.90 a month in Malaysia

By CHRISTOPHER FAM



Home > Digital Life

YouTube Premium in Malaysia now costs more for you and your family

By Alexander Wong 13 May 2023 3:54 pm Comment

## Food



MALAYSIA

Industry players foresee food prices going up between 5 and 20pc, from August



Rice Prices In Malaysia Increase By 10-15% In One Week?

If a shop sells SST rice for more than RM13 for 5kg or more than RM26 for 10kg, they are cheating and should be reported.



Price of imported rice to increase next month, says Mydin boss

Ameer Ali Mydin says suppliers have notified him of a price hike of between RM1 to RM2 per 10kg bag.

MSM eyes sugar price hike approval

By DANIEL KHOO



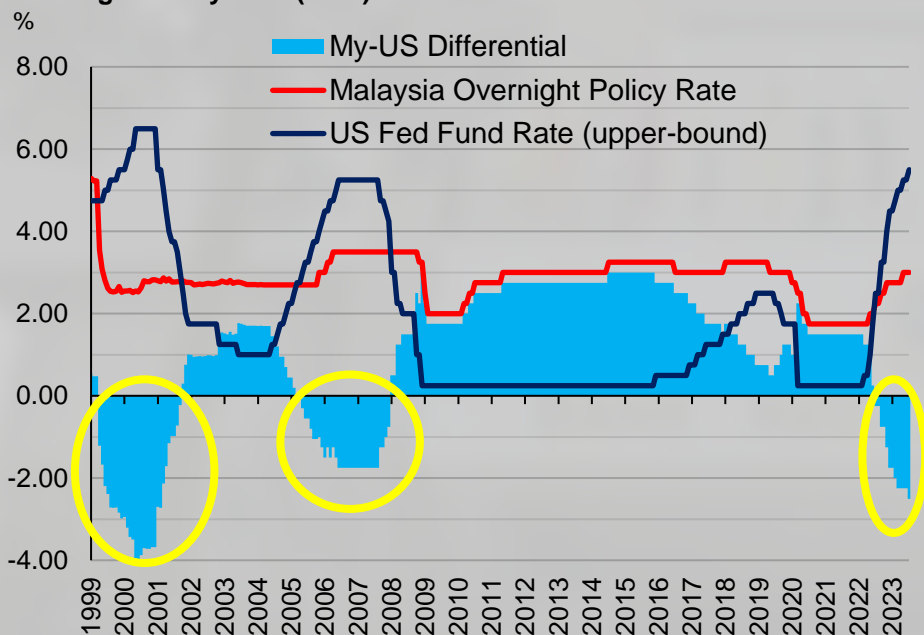


# Bank Negara Malaysia Monetary Policy Stance

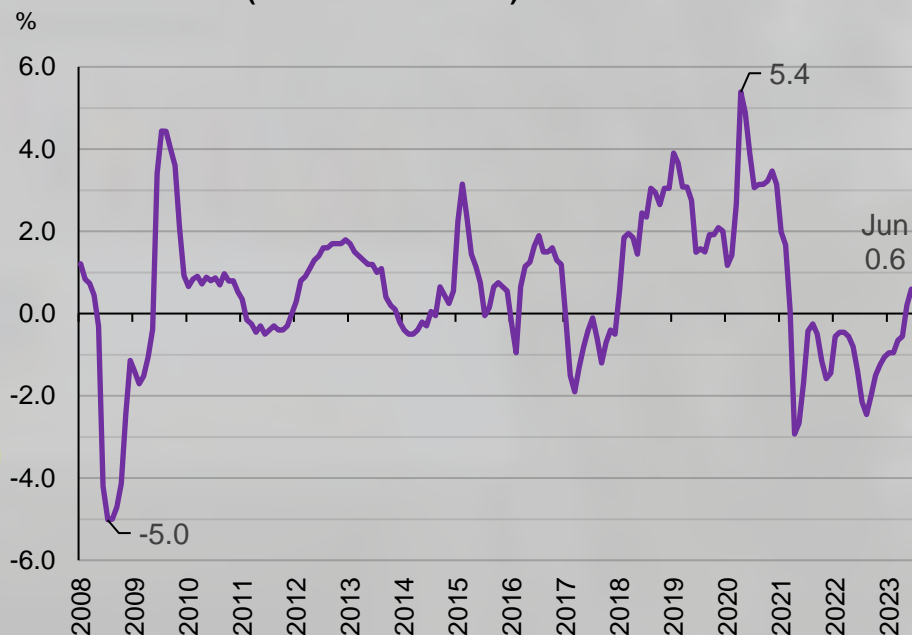
- Persistent global challenges
- Domestic economy will continue to grow, albeit slower
- Inflation moderated but core inflation remains elevated
- Current stance is “accommodative and supportive of economic growth”
- Any changes to the OPR depend on how resilient the economy and consumer inflation behaves

**Overnight policy rate (OPR) is estimated to stay at 3.00% in 2023**

Overnight Policy Rate (OPR) vs. Fed Fund Rate



Real Interest Rate (OPR minus inflation)

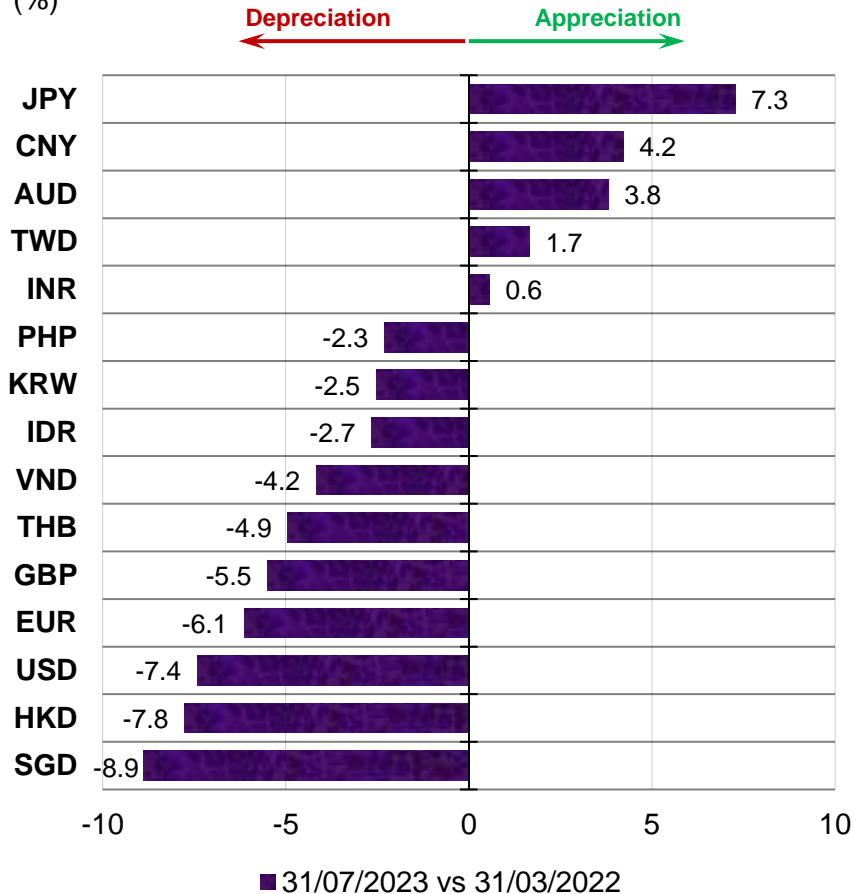


Source: BNM; Federal Reserve; DOSM

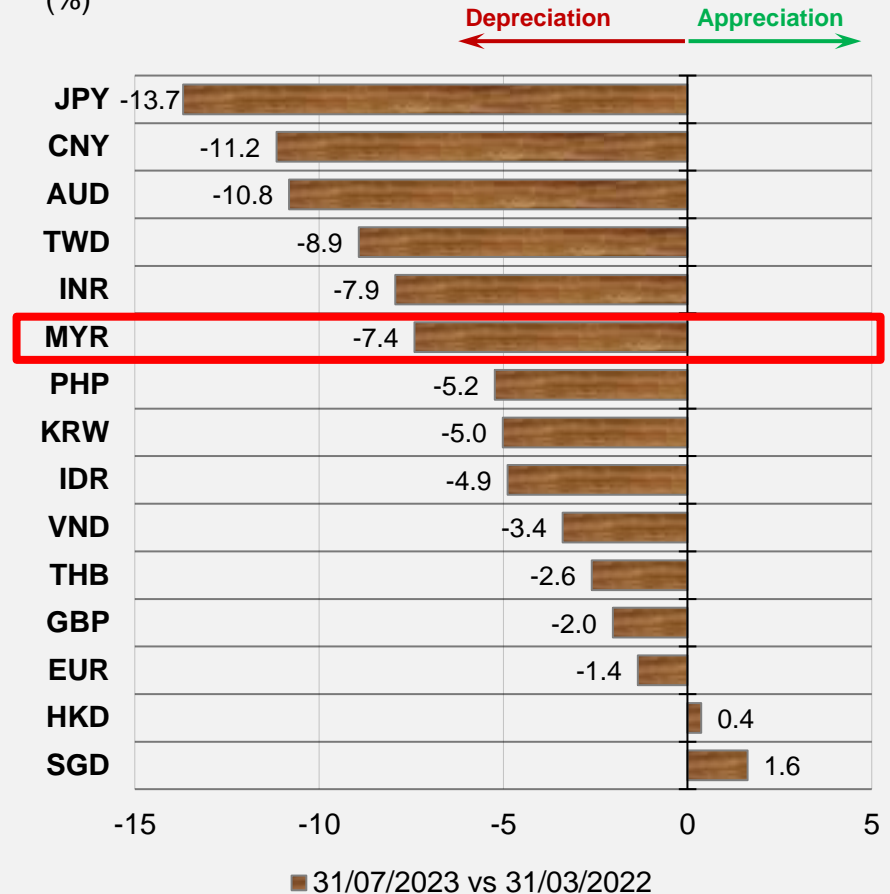
Note: BNM adopted Overnight Policy Rate (OPR) as policy rate since 2004.

# The ringgit's movement since the Fed's rate hike cycle starting in March 2022

The Ringgit against major and regional currencies (%)



Major and regional currencies against the USD (%)



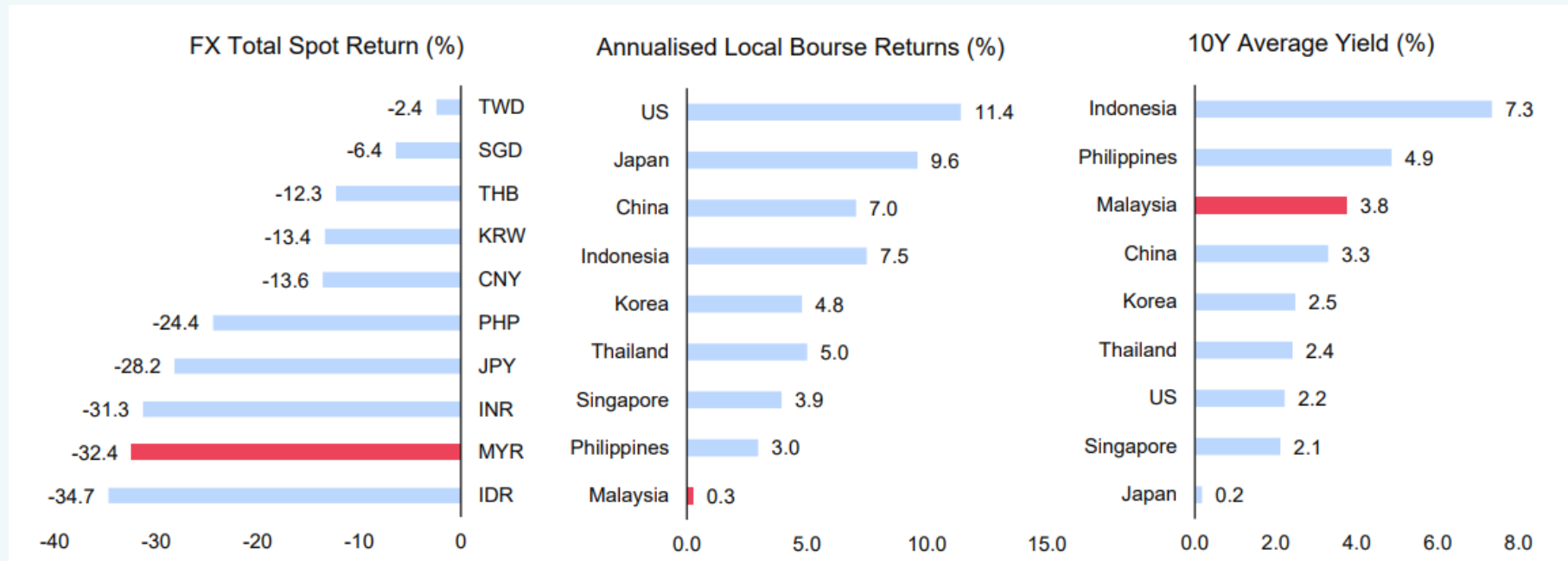
Note: For currency other than Ringgit against USD, cross rate applied.

Source: Bank Negara Malaysia (BNM)

# Returns on MYR assets over 10-year period

## The Ringgit Conundrum

- Will the Ringgit reverse its depreciation trend against the US dollar?
- Relative interest rate and inflation; exports performance; balance of payments
- Budget deficit and debt sustainability
- Political stability; market sentiment
- Structural reforms key to supporting the economy and ringgit



Source: Bloomberg

The background of the slide features a repeating pattern of isometric cubes. The cubes are outlined in a light red color and are arranged in a staggered, three-dimensional grid. The overall color scheme is a warm, light orange or beige.

## **2H 2023 & 2024: What's Ahead?**



# Key developments to watch in 2H 2023 and 2024



## The US and China Economy

- Lag impact of higher US interest rate on the US economy
- Will China defy the slowdown gravity?
- Will the US-China rivalry escalate in the run-up to the 2024 United States Presidential election



## The Fed Rate Tightening Cycle Comes to An End, BUT.....

- Lingering uncertainties about the Fed's narrative of a pivot
- Volatility in the financial market and foreign exchange markets



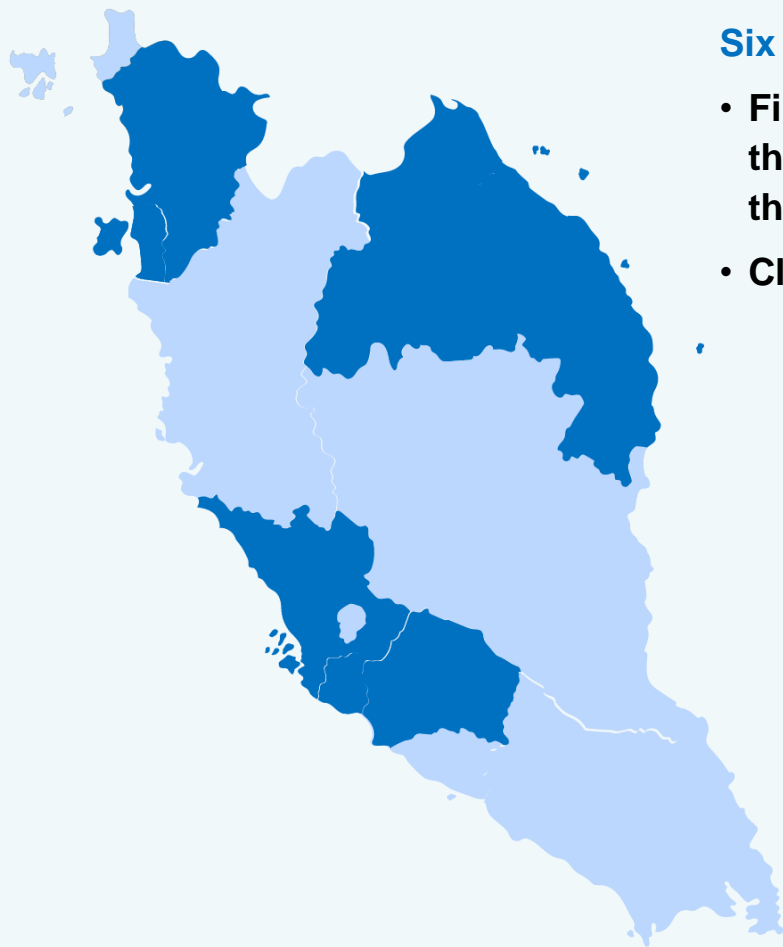
# Key developments to watch in 2H 2023 and 2024 (cont.)

## Six States Election Outcomes

- First major test for former political rivals that forged their alliance to ensure continued political stability post the 15th General Election
- Closely watch on Selangor

## Post-Six States' Elections

- Election outcomes could influence the national political landscape
- Subsidy rationalisation kicks in – 4Q 2023 - 2024
- Roll out of the New Industrial Master Plan (NIMP) 2030 (August 2023)
- The Mid-term Review of the 12<sup>th</sup> Malaysia Plan (September 2023)
- Tabling of 2024 National Budget (13 October 2023)



# Key developments to watch in 2H 2023 and 2024 (cont.)



## Economic Growth Trajectory

- High-base effects in 2H 2022 would challenge performance in 2H 2023
- Exports will remain in a negative trajectory
- Consumer spending continues to normalise



## Monetary Policy in Focus

- Slowing demand could restrain the normalisation of interest rate
- But, inflation risk induced by subsidy rationalisation presents a policy dilemma
- BNM will not pivot to rate cuts **UNLESS** demand recession



## Upward Trajectory in Inflation

- Changes in domestic subsidy policy
- Impact of the ringgit's depreciation (imported costs and final consumption goods)

## **The Economic Case for Progressive Wage Model (PWM)**

- *Uplift the low wages of workers through upgrading skills and improving productivity*
- *An appropriate and feasible substitute wage model to improve the income of low-skilled workers*
- *There are valid concerns, grey areas and challenges for the implementation of PWM*
- *A thorough study and consideration to assess the viability of PWM*

# The economic case for Progressive Wage Model (PWM)



## Where are we now – Minimum Wage regime

- The Minimum Wage Order (MWO), which was first gazetted in 2012, was enforced on 1 Jan 2013. The year 2022 marks the fifth time of implementation as the minimum wage rate was reviewed at least twice once every two years.
- A new minimum wage of RM1,500 per month was fully enforced on 1 Jul 2023, an increase of between 25.0%-36.3% over RM1,200-RM1,100 in 2019.
- Over the period 2013-2023, minimum wage increased by 5.8% per annum from RM900 per month for Peninsular Malaysia and 6.5% per annum from RM800 per month for Sabah and Sarawak on 1 Jan 2013, respectively. Overall labour productivity increased by only 2.3% per annum for the same period.
- While the National Wages Technical Committee is currently having engagements with the employers and employees to obtain feedback about the review of the new minimum wage as stipulated under the MWO, **the government is also looking into the appropriateness of other wage models to benefit both employees and employers.**



## Consideration for a Progressive Wage Model (PWM)

- **PWM may be an appropriate and feasible substitute wage model to improve the income of low-skilled workers to have a living wage.**
- Theoretically, PWM lays the principle of **“WORKING FOR WHAT YOU WANT, YOU GET WHAT YOU WORK FOR”**.
- PWM is a wage structure to **uplift the low wages of workers through upgrading skills and improving productivity.**
- **A win-win wage model for both employees and employers.**
  - Benefitting workers by **mapping out a clear career pathway for their wages to rise** along with training and improvements in productivity and standards.
  - **Higher employees’ productivity improves business** profits for employers while the customers enjoy better service standards and quality.

# Progressive Wage Model vs Minimum Wage

Progressive Wage Model	Aspect	Minimum Wage Model
Tied to skills and productivity	<b>Basis for wage setting</b>	Fixed, uniform rate
Gradually increases with skills	<b>Wage structure</b>	Same for all workers
Targets income disparity	<b>Addressing inequality</b>	Lowest wage tier
Lifts wages over time	<b>Impact on low-income workers</b>	Immediate but limited lift
Encourages skill development	<b>Incentive for skill improvement</b>	Not directly linked to skill enhancement
Improve worker productivity	<b>Economic competitiveness</b>	Potential business impact
Adjusts to industry needs	<b>Adaptability</b>	Same for all industries
Targeted certain industries	<b>Implementation</b>	Same for all industries
Possibly more bureaucratically complex	<b>Implementation challenges</b>	Relatively straightforward

**Is PMW a better model compared to minimum wage?**

# Some say yes, some say no ...



Source: Various news media

# PWM is a ladder; minimum wage is a rung

- PWM emphasises on increasing the salaries of workers through **upgrading their skills and improving productivity**. It requires employers to provide training to raise worker productivity.
- A tripartite body (comprising the Government, employers and employees) in the sector implementing PWM will **review the wage levels and training for particular job clusters; to decide what would be the wage structure; how it should be increased, and the training needed to be given the wage increase.**



## Foster the productivity-linked wage system (PLWS)

- PWM moves towards a productivity-linked wage system (PLWS), a flexible and competitive wage system that establishes a closer link between wages and productivity/performance.
- It allocates wealth creation based on employers' and employees' performance as well as productivity to enhance the firm's shared prosperity and competitiveness.



## Question:

### Is the progressive wage model progressive enough?

- PWM is a wage ‘ladder component’, a **productivity-based wage ladder**. It doesn’t simply raise the minimum wage altogether. In essence, wages become tied to an employee’s efforts in upskilling to improve income and skill that goes beyond the flat minimum wage.

### However, not all productivity is linked to skill

- Some low-skilled occupations such as cleaning, security services, and landscape as well as gardeners, the productivity is not largely determined by the workers’ skills but **more of the investment in equipment and machinery as well as digitalised technology that can help to boost higher productivity**.
- Depending on the job specifications and workplace, some occupations require low skill and need to be augmented by the willingness of the employers to invest in productivity-enhancing technologies and work organisation for all workers in an entire job category.



## Will the PWM discourage workers' mobility?

- As the PWM benefits workers by mapping out a clear career pathway for their wages to rise along with training and improvements in productivity and standards, **the employees may choose to stay within the same sector and employer and move to higher-value work within the sector and employer.**
- PWM may not be suitable for part-time workers or a flexi work schedule.

## How does PWM affect foreign workers?

- The PWM must be **implemented in synchronisation with the quotas and foreign worker levies** to manage and regulate the supply of foreign workers.
- As in the case of minimum wage, PWM must also covers foreign workers. If not, the employers can avoid paying PWM's wage increases by hiring foreign workers that not subject to all the PWM requirements.
- The employers also discouraged from investing in productivity-enhancing technologies and work organisation for all workers in an entire job category.



# What are the limitations?

## Limitations

1. PWM does not deal with the **root cause of low skilled workers**: Supply of low skilled workers.
  - The continuous supply of unskilled labour would result in low labour productivity, which in turn depresses the market wage of low-skilled workers.
  - A large presence of low-skilled workers and imbalance in bargaining power between employees and their employers without continuous improvement in productivity through reskilling and upskilling will continue to depress the wage level.
2. The **skill-linked component of PWM is relatively difficult for aged low-skilled workers** to upskill themselves. Hence, a tailored made training programme for more aged workers is needed.
3. **It is more bureaucratically complex and costly to administer**. With all the metrics you have to make, all the processes you have to go through, training, plus all the other benefits. It requires a lot of civil servants to enforce.

Overall, it requires a thorough study and consideration to assess the viability of PWM so as to strike a balance between increasing the income of our low-skilled workers through productivity-linked performance and ensuring business profits due to the improvement in productivity.

# Case Study 1: The Singapore Experience

- The Progressive Wage Model (PWM) has been successfully implemented in various sectors in Singapore, including cleaning, security, and landscaping industries.
- The PWM in Singapore is designed to uplift low-wage workers by setting specific wage floors based on skills, productivity, and experience. This helps to ensure that workers are fairly compensated and can improve their standard of living.
- One of the key objectives of the PWM in Singapore is to address income inequality by narrowing the wage gap between low-wage and higher-wage workers. By setting minimum wages that increase with skills and experience, the model aims to provide a pathway for workers to increase their earning potential over time.
- The Singaporean experience with PWM has shown positive outcomes in reducing income inequality and enhancing the economic well-being of low-income workers. As a result, it has received support from various stakeholders, including workers and employers.

# An illustration: PWM for the retail sector in Singapore

## What is it?

- Companies must meet the **Progressive Wage Model wage and training requirements** for retail workers who are Singapore citizens or permanent residents.
- The Progressive Wage Model (PWM) for retail workers was **developed by the Tripartite Cluster for Retail Industry (TCR)**.
- Employers must ensure that their retail workers meet the retail PWM training requirements of **attaining at least 1 Workforce Skills Qualification (WSQ) Statement of Attainment**, out of the list of approved WSQ training modules.
- Alternatively, if employers have in-house WSQ training modules that have the prefix “RET” in the accompanying Technical Skills & Competencies (TSC) code, these training modules can be used to meet the training requirement as well.

## Grace period

- For the first six months (September 2022 to February 2023), Ministry of Manpower (MOM) will **give employers time to adjust and comply** with the Progressive Wage requirements.
- Instead of an enforcement, MOM will **focus on educating employers** on the various Progressive Wage requirements. Employers who do not comply with the requirements during this transitional period will not have their work pass privileges suspended.

## Who it covers?

A clear career progression pathway is provided



*\*Companies may adopt different job titles such as Shop Assistant / Sales Assistant / Retail Associate / etc.*

# An illustration: PWM for the retail sector in Singapore (cont.)

## Retail PWM Baseline Gross Wages

Job level	Full-time (35-44 hours per week) Monthly gross wage requirements (excluding overtime payments)			Part-time Hourly gross wage requirements		
	From 1 Sep 2022	From 1 Sep 2023	From 1 Sep 2024	From 1 Sep 2022	From 1 Sep 2023	From 1 Sep 2024
Retail manager ↑ Retail supervisor	Left to market forces			Left to market forces		
↑ Assistant retail supervisor	≥ \$2,240	≥ \$2,395	≥ \$2,635 CAGR: 8.5%	≥ \$11.75	≥ \$12.56	≥ \$13.82
↑ Senior cashier / Senior retail assistant	≥ \$2,035	≥ \$2,175	≥ \$2,395 CAGR: 8.5%	≥ \$10.67	≥ \$11.41	≥ \$12.56
↑ Cashier / Retail assistant	≥ \$1,850	≥ \$1,975	≥ \$2,175 CAGR: 8.4%	≥ \$9.70	≥ \$10.36	≥ \$11.41

Note:

1. Total monthly gross wage for full-time retail workers refers to the sum of basic wage, allowance and productivity incentives, but excluding bonus, payments in-kind, etc.
2. Employers would need to adhere to additional PWM gross wage requirements for overtime. Overtime pay can be part of the gross wage used to meet these additional requirements.

Source: Ministry of Manpower (MOM), Singapore

### Industry-specific preference

Given that the retail sector sees seasonal fluctuations in sales revenue throughout the year, the TCR has agreed for the averaging of the wage requirements for retail employees covered by the retail PWM over a 3-month period

# An illustration: PWM for the retail sector in Singapore (cont.)

## Example of Workforce Skills Qualification (WSQ) Training Courses outlined by NTUC LearningHub

Retail Assistant / Cashier	Senior Retail Assistant / Senior Cashier	Assistant Retail Supervisor	Retail Supervisor	Retail Manager
<ul style="list-style-type: none"> <li>• Product Advisory L1</li> <li>• Sales Closure L1</li> <li>• Service Leadership L1</li> <li>• Visual Merchandising Presentation L1</li> <li>• Problem Identification L2</li> <li>• Adapt to Change L1</li> <li>• Store Facilities &amp; Housekeeping L1</li> <li>• Customer Loyalty L2</li> <li>• Service Challenges L1</li> </ul>	<ul style="list-style-type: none"> <li>• Adapt to Change L1</li> <li>• Data Analytics L2</li> <li>• Customer Loyalty L2</li> <li>• Customer Relationship Management Operations L2</li> </ul>	<ul style="list-style-type: none"> <li>• Data Analytics L2</li> <li>• Customer Loyalty L2</li> <li>• Service Challenges L1</li> <li>• Service Coaching L3</li> <li>• Customer Relationship Management Operations L2</li> </ul>	<ul style="list-style-type: none"> <li>• Problem Identification L3</li> <li>• Crisis Management L3</li> <li>• Data Analytics L2</li> <li>• Products and Services Promotion L2</li> <li>• Service Challenges L1</li> <li>• Customer Relationship Management Operations L2</li> <li>• Inventory Control L3</li> <li>• Sales Target Management L3</li> <li>• Service Coaching L3</li> </ul>	<ul style="list-style-type: none"> <li>• Problem Identification L3</li> <li>• Crisis Management L3</li> <li>• Financial Budget Planning and Management L4</li> <li>• Workplace Safety and Health L4</li> <li>• Data Analytics L3</li> <li>• Customer Loyalty and Retention Strategy Formulation L4</li> </ul>

Source: NTUC LearningHub

# An illustration: PWM for the security sector in Singapore

	2023 (Current)	2024	2025	2026	2027	2028
Chief security officer	Left to market forces					
↑	At least 2 years as a senior security supervisor + 3 diploma modules					
Senior security supervisor	≥ \$2,240	≥ \$3,550	≥ \$3,770	≥ \$3,990	≥ \$4,210	≥ \$4,430 <b>5.7%</b>
↑	At least 1 year 6 months as a security supervisor + 4 advanced modules (Full advanced certificate)					
Security supervisor	≥ \$2,040	≥ \$3,250	≥ \$3,470	≥ \$3,690	≥ \$3,910	≥ \$4,130 <b>6.2%</b>
↑	At least 1 year as a senior security officer + 1 Advanced Licensing Unit + 2 advanced modules					
Senior security officer	≥ \$1,830	≥ \$2,950	≥ \$3,170	≥ \$3,390	≥ \$3,610	≥ \$3,830 <b>6.7%</b>
↑	At least 6 months as a security officer + 2 certificate modules					
Security officer	≥ \$1,650	≥ \$2,650	≥ \$2,870	≥ \$3,090	≥ \$3,310	≥ \$3,530 <b>7.4%</b>
↑ New applicant	2 Basic Licensing Units + “Recognise Terrorist Threats” (from 1 Jan 2020 onwards)					

Note:

- Basic wages in 2023 do not include overtime pay, which is paid at 1.5 times the hourly rate of pay for work in excess of the normal hours of work, in accordance with Part 4 of the Employment Act.
- Basic wages from 2024 to 2028 will include wages paid for work done in addition to the 44-hour regular work week, as they exceed the current \$2,600 monthly basic wage threshold for workers to be covered under Part IV of the Employment Act. The number of extra hours worked above the standard 44-hours per week will continue to be capped at 72 hours per month.

\* CAGR from 2024 to 2028

Source: Ministry of Manpower (MOM), Singapore

## Case Study 2: The European Experience

- Several European countries, such as Denmark and Sweden, have implemented successful wage models that share similarities with the Progressive Wage Model (PWM), commonly called “Collective Bargaining” or “Centralised Wage Bargaining”.
- These European countries have adopted collective bargaining systems, where unions and employers negotiate wages based on various factors, including skills, job complexity, and industry standards. This results in wage structures that are tailored to specific sectors and occupations.
- The wage models in these countries prioritize skill development and continuous learning. As workers acquire new skills and experience, their wages increase gradually, reflecting their growing value to the labor market.
- By linking wages to skills and productivity, the European wage models have demonstrated positive impacts on workers' well-being and job satisfaction. The approach has also contributed to a stable labor market and boosted the overall economic stability in these nations.







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