

THE PULSE OF SMES: SKILLS DEVELOPMENT, MEANINGFUL WORK, AND EMPOWERMENT



Research Partnership between
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Centre for Research and
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Executive Summary

Small and Medium Enterprises (SMEs) are crucial to Singapore's economy, representing 99% of all enterprises and employing 71% of the workforce. Many SMEs are transitioning from a lower-wage, lower-productivity model towards digitalisation and innovation, and hence play a strong role in entrepreneurship, job creation, and inclusive growth.

This report, ***The Pulse of SMEs: Skills Development, Meaningful Work, and Empowerment***, explores Singapore's workforce landscape with a focus on SME employees' career needs, aspirations, and challenges. It identifies where SMEs are making strides or facing difficulties in upskilling, motivating, and retaining talent. The study adopts a strengths-based perspective and applies archetypal analysis, segmenting organisations into four archetypes based on company type, employee size, and self-reported perception of their organisational growth.^{1, 2}

The survey design considered two lenses of classification:

- **Organisation type**
 1. **SMEs**: Companies with employee size between 50-200 or less than S\$100 million annual revenue.
 2. **Large Local Enterprises (LLEs)**: Companies with more than 200 employees and more than S\$100 million annual revenue, having a strong domestic presence with limited international reach.
 3. **Multinational Corporations (MNCs)**: Companies with more than 200 employees and more than S\$100 million annual revenue, operating on a global scale.
- **Stage of organisational growth**
 1. **Growth**: Rapid expansion and scaling of operations
 2. **Sustaining**: Stabilised operations with a focus on maintaining market position
 3. **Rebound**: Reinvention for new growth or rebounding
 4. **Decline**: Struggling and in a period of decline

For SMEs, these two lenses were combined resulting four SME archetypes. However, only two SME archetypes (Growth and Sustain) are included in the main analysis.³ Hence, the four organisational archetypes studied in the report are **SME Growth**, **SME Sustain**, **LLE**, and **MNC**.⁴

¹ The organisational growth criteria are perception-based and self-reported by SME employees and employers based on their assessment of whether the SME is rapidly expanding, stable, reinventing for new growth, or struggling, respectively.

² The question asked to identify organisational growth in both the Employee and Managerial surveys was: "In which stage of development would you place your company?"

³ The two remaining SME archetypes are: a. SME Rebound – SMEs with employee size between 50-200 or less than S\$100 million annual revenue, focusing on internal restructuring and reinvention to secure new growth or recover from previous declines. b. SME Decline – SMEs with employee size between 50-200 or less than S\$100 million annual revenue, that are struggling and in a period of decline. While the main analysis does not focus on these groups due to their limited sample size, their qualitative insights are presented in Chapter 6 for completeness.

⁴ SMEs with less than 50 employees are not included in the study as they require different sampling recruitment strategies and would introduce complexities (e.g. owner-operator perspectives) which would be beyond the scope of this research.

Key Highlights

The SME Growth Company Could Be a Model for Other SMEs

Based on perceptions from SME employers⁵ and employees, SMEs may be facing more significant challenges in workforce development compared to larger firms, as they generally provide fewer training opportunities than larger firms. Yet, SME Growth companies (which are self-reported as being in a stage of expansion and scaling up of operations) stand out: despite resource constraints, they reported stronger workforce practices and more positive employee outcomes. These practices are distilled into the **S.M.E. Model**, focusing on *Skills Development, Meaningful Work, and Empowerment*, which provides a blueprint for other archetypes of SMEs (i.e. the Sustain, Rebound, and Decline companies) to strengthen their workforce.

Research Insights and Learning From SME Growth Companies⁶

Challenge Statement 1: How can SMEs Overcome Challenges in Upskilling Their Workforce?

SMEs face higher barriers to upskilling their workforce, especially SME Sustain companies, where 51% cite “time away from work” as a major hurdle, compared to 34% of MNCs. Employee learning motivation is another pressing issue, as SMEs have fewer resources to create structured incentives or career pathways to sustain learning motivation compared to larger firms.

Employees earning less than S\$5,000 were also 13% less likely to be offered formal training compared to those earning above this threshold, highlighting a disparity in development opportunities. Moreover, training participation was linked to lower attrition (21% for those who received training versus 28% for those who did not), indicating that expanding access, particularly for those currently underserved, could enhance overall employee retention.

Learning From SME Growth Companies – The “Skills Development” Model

Despite resource constraints, a higher proportion of SME Growth companies reported adopting practical solutions such as supporting informal learning (e.g. on-the-job training [OJT]) and providing employees greater voice in identifying training needs.

Compared to larger firms, SME Growth companies also demonstrate greater awareness of training programme gaps and hold more positive views on training benefits. These findings suggest SME Growth companies have a strong commitment to employee development despite resource constraints.

However, as the stage of organisational growth recorded in the survey is based on respondents’ perception, respondents who self-identify their companies as SME Growth companies (i.e. those that are rapidly expanding) may be skewed towards a more optimistic view of their companies’ commitment towards workforce development. In contrast, other archetypes such as SME Decline companies may offer more cautious perspectives, warranting further study.

⁵ SME employers are represented by C-level managers, CEOs, founders, and partners.

⁶ Percentages for Likert-type questions are based on strong agreement (e.g. agree and strongly agree). A 7 rating scale was used for all questions.

Challenge Statement 2: What Motivates Employees in SME Environments?

Expectations towards salary growth are consistent across the archetypes, with most employees expecting only 1% to 6% increases. A smaller segment (11% to 16%) anticipates increases above this range, while only a minority indicates no expectation of a salary raise. This consistency suggests that the role of salary growth as a driver for talent attraction and retention may be diminished, placing SMEs at risk if they rely on salary rises alone as their value proposition.

Learning From SME Growth Companies – The “Meaningful Work” Model

The SME Growth companies distinguish themselves by designing work that is meaningful. Employees score higher on enthusiasm for their career (46%), sense of contribution (41%), and personal satisfaction (40%). Crucially, they also show stronger self-determination: 57% of employees agree they enjoy execution independence. Both self-determination and meaningful work have a strong positive correlation with career satisfaction in SME Growth companies (46% and 59% respectively), underscoring that SMEs can enhance retention by enabling autonomy and connecting tasks to a larger purpose.

Challenge Statement 3: How can SMEs Retain Their Skilled Workforce?

The majority (82%) of SME employees prefer to stay in their current job/company due to pull factors, with wages, work-life harmony, and flexible work arrangements being the most common retention factors. Pull factors, however, are not sustainable retention strategies. In addition, while permanent employees show a stronger inclination to stay in their current roles, with 72% preferring to remain in the same company (12% higher than contract employees) contract employees appear slightly more open to switching roles within the company (7% higher) or moving to another company in the industry (4% higher). These findings suggest differing retention and mobility patterns between permanent and contract employees, underscoring the need for tailored engagement strategies to address their unique motivations and career intentions.

Learning From SME Growth Companies – The “Empowerment” Model

The SME Growth companies demonstrate stronger employee-employer partnerships. Compared to larger firms, a higher proportion of SME Growth companies indicated their employees as participating in decisions (74%), suggesting improvements (78%), and experiencing open communication (87%). They also reported higher confidence in their efforts to foster career growth and facilitate internal mobility. These findings highlight the importance of employee involvement in driving continuous improvement and adaptability. These findings also emphasise the importance of empowering employees directly through building participatory work environments, career guidance, and structured internal mobility opportunities.

Key Recommendations

In conclusion, cultivating a skilled, motivated, and engaged SME workforce that drives organisational success necessitates a multi-faceted approach. SMEs could consider prioritising:

- **Skills Development:** Pool shared support to help SMEs develop and upskill their workforce
 - Develop a shared Learning Management System
 - Tap on the pool of Job Redesign (JR) Consultants and pre-scoped solutions funded by Workforce Singapore's (WSG) Productivity Solutions Grant for Job Redesign (PSG-JR)
 - Facilitate partnerships with contingent staffing agencies for interim manpower support
 - NTUC Job Security Council (JSC) could accelerate Structured OJT in SME companies that have Company Training Committees (CTCs) (e.g. by tapping into WSG's Career Conversion Programmes [CCPs], which support OJT for existing and new employees)
- **Meaningful Work:** Enhance employee career satisfaction and retention by designing more meaningful work, beyond financial motivators
 - Expand CTCs in more and larger SMEs to uplift workforce development practices, including tapping into SSG-NTUC Tripartite Queen Bee collaboration that aims to multiply CTC adoption among SMEs
 - Leverage upcoming, expanded range of JR support (e.g. JR capability-building, tools, advisory) under WSG's Enterprise Workforce Transformation Package (EWTP)
 - Partner with training providers like NTUC LearningHub (LHUB) to offer milestone courses, aligning with career progression
 - Beyond NTUC, SMEs could also tap on Trade Associations and Chambers' (TAC) resources (e.g. Association of Small and Medium Enterprises (ASME) and SME centres)
- **Empowerment:** Strengthen Human Resources (HR) support and more progressive HR practices that will help SME workers grow together with the company
 - Develop human capital development capabilities (e.g. via WSG's career guidance and structured career planning support for employers) and improve HR support
 - Leverage SME's flexibility as a competitive advantage

Chapter 1: Introduction

Singapore's SME landscape has evolved into a dynamic ecosystem supporting MNCs and driving digital transformation. Today's SMEs are innovative, agile, and crucial to the economy, contributing significantly to job creation, entrepreneurship, and industry growth. With SMEs accounting for 99% of all enterprises and employing 71% of the total workforce, understanding their workforce dynamics is essential for shaping sustainable economic policies. This report adopts a strengths-based perspective, employs archetypal analysis, and utilises workforce segmentation to provide a comprehensive examination of Singapore's SME landscape.

Strengths-Based Perspective

By emphasising SME strengths such as adaptability, entrepreneurial drive, and close-knit work cultures, and moving beyond traditional deficit-based narratives, this study highlights how these enterprises can be leaders in progressive workplace practices, employee involvement, and learning cultures. Recognising and leveraging these strengths would go some way towards developing policies and interventions that empower SMEs to thrive rather than merely survive.

Archetypal Approach

The report adopts an archetypal perspective, recognising that SMEs are not a monolithic group. They fall into distinct categories based on their growth trajectories, business models, and organisational cultures. Some SMEs are fast-growing and highly innovative, while others are stable, family-run businesses prioritising long-term sustainability over rapid expansion. Examining SMEs through these archetypes allows more nuanced insights into workforce development needs, ensuring tailored rather than one-size-fits-all interventions.

Below explains clearly how to navigate the report and what to expect in each chapter:

Chapter 2: The SME Landscape – Three Talent Challenges and Current Initiatives.

This chapter offers a review of challenges and existing major initiatives related to employees in SMEs. It covers topics on talent upskilling, talent wages, and talent retention.

Chapter 3: Talent Upskilling – The SME Growth “Skills Development” Model. This chapter details the challenges SMEs face in upskilling their workforce and presents the “Skills Development” Model designed to foster SME growth. This model encompasses several key aspects, including Higher Learning Awareness of SMEs, Leveraging Alternative Training, Informal Learning, Positive Attitudes and Mindsets towards Training, the leadership role of SME Growth Companies in providing training support, and Enabling Factors such as the use of contingent employees as substitutes for employees undergoing training. The chapter concludes by discussing the implications of this model for SMEs.

Chapter 4: Talent Wages – The SME Growth “Meaningful Work” Model. This chapter explores the challenges related to wage expectations and their impact on employee motivation within SMEs. It then introduces the “Meaningful Work” Model, which emphasises Higher Self-determination, More Meaningful Work, and Higher Career Satisfaction. A key point highlighted is that Meaningful Work influences Career Satisfaction more than Compensation. The chapter concludes with a discussion of the implications of this model for SMEs.

Chapter 5: Talent Retention – The SME Growth “Empowerment” Model. This chapter examines the specific challenges SMEs face in retaining their talent. It then presents the “Empowerment” Model, which focuses on various strategies such as The Flexibility Landscape, Participatory Work Environments, fostering Organisational Citizenship, promoting Internal Mobility, and recognising SMEs as Drivers of Employee Career Development. The chapter concludes by discussing the implications of this model for SMEs.

Chapter 6: Creating Value in Singapore’s SME Ecosystem – Key Recommendations. This concluding chapter offers recommendations for partnerships aimed at fostering the success of SMEs in Singapore.

For all these chapters, survey sources of data are provided. The letters E and M refer to the Employee Survey and Managerial Survey, respectively. Percentages reported for Likert-type questions are based on the combination of positive agreement (e.g. 6 & 7 ratings). For methodology and sampling details, please refer to the appendices.



Chapter 2: The SME Landscape – Three Talent Challenges and Current Initiatives

SMEs play a pivotal role in Singapore's economic landscape. To ensure a resilient and inclusive economy, it is essential to understand the intricacies of the SME workforce. Below, we review ongoing initiatives in areas of upskilling, wages, and retention.

2.1 Talent Upskilling

Singaporean SMEs often struggle to identify and resolve skills gaps, particularly in emerging technologies (Tan, 2023). Accurate assessment is a necessary first step, as emphasised by Bi et al. (2023), who advocated for job task-based skills measurement. To support this, government agencies publish key insights: SSG provides industry reports on emerging skills, WSG provides how key trends impact sector-specific jobs and skills, and the Ministry of Manpower (MOM) provides employment trends data and resources. NTUC complements these efforts through industry-specific training programmes and skills roadmaps, while the Institute for Human Resource Professionals (IHRP) research highlights aligning training with business objectives and the application of new skills.

Supporting this ecosystem, the Tripartite Alliance for Fair and Progressive Employment Practices (TAFEP) provides resources to promote skills-based hiring and equal opportunity in these initiatives, and NTUC's Company Training Committees and Operation & Technology Roadmaps (OTR) help SMEs identify and address technology skills gaps. WSG's Career Advisory Programme for Human Resources also assists SMEs in identifying skills gaps and developing training plans. Beyond government, trade associations such as the Singapore National Employers Federation (SNEF) and the ASME facilitate peer learning and equip member SMEs with the business knowledge and market opportunities to help them grow their businesses.

Recognising that effective utilisation of skills and access to skilled employees are crucial for SME business strategy, SSG has also piloted Jobs-Skills Integrators (JSIT) in the precision engineering, retail, and wholesale trade sectors that have higher concentrations of SMEs and mature workers.⁷ WSG and NTUC's Employment and Employability Institute (e2i) deliver reskilling and employment facilitation initiatives. NTUC members in SMEs can also use Union Training Assistance Programme (UTAP) for training cost defrayment and are encouraged to upskill with NTUC LHUB.

Nonetheless, barriers persist. Osman (2023) highlighted barriers like time constraints, perceived irrelevance, and lack of awareness of non-Professionals, Managers, Executives, and Technicians (PMET) training in SMEs. To address this, SSG has implemented targeted outreach, flexible learning, and strengthened collaboration with SMEs. WSG and NTUC's e2i also conduct SkillsFuture roadshows and provide personalised guidance at career fairs for SME employees. In addition, IHRP encourages HR professionals in SMEs to champion SkillsFuture and support employee participation.

⁷ JSITs play a critical role in identifying jobs and skills needs in the sector, connecting employers with appropriate solutions. This is achieved by working closely with the industry, training providers and employment facilitation partners to optimise training provision and job matching services for companies and individuals.

Key Training Subsidies for Singapore Residents

- Enhanced Training Support for SMEs (up to 90% SkillsFuture funding)
- SkillsFuture Mid-Career Enhanced Subsidy (for employees aged 40+)
- Workfare Skills Support (for lower-wage Singaporean employees, with training allowances)
- Career Conversion Programmes (salary support for reskilling new hires or existing employees)
- Mid-Career Pathways Programme (structured attachments for mature mid-career individuals, with government funding for host SMEs)
- UTAP (further subsidies for NTUC members for career progression courses)
- NTUC CTC Grant (funding for companies, including SMEs, for transformation)

New Initiatives From Singapore Budget 2025

- SkillsFuture Level-Up Programme (SME employees aged 40+ get training allowances for full-time and, from 2026, part-time training, plus a SkillsFuture Credit (Mid-Career) top-up)
- Enhanced Workfare Skills Support (Level-Up) (lower-wage SME employees aged 30+ get enhanced training allowances)
- EWTP (holistic support for workforce transformation, including the new SkillsFuture Workforce Development Grant (WDG) with increased funding for job redesign, and a redesigned SkillsFuture Enterprise Credit [SFEC])

2.2 Talent Wages

SMEs often operate with fewer financial resources and less brand recognition compared to large corporations, making it difficult for them to compete effectively on salary alone. They often struggle to match the higher salaries and comprehensive benefits packages offered by larger firms, putting them at a disadvantage in the recruitment process (SNEF, 2024). The intense competition for a limited pool of local talent inevitably drives up wage expectations, a challenge particularly acute for SMEs (ASME, 2024). This situation is further compounded by the fact that many businesses cite labour shortages as a key concern (MOM, 2024a).

The Singapore government has implemented a comprehensive ecosystem of support schemes aimed at mitigating costs and fostering productivity improvements for SMEs. The Progressive Wage Credit Scheme (PWCS) provides government co-funding for qualifying wage increases given to lower-wage resident employees, offering significant temporary relief (MOM, 2024a). Enhancements to the PWCS have been introduced multiple times, with co-funding rates of 40% in 2025 and 20% in 2026 for wage increases up to S\$3,000 (MOF, 2025).

The SkillsFuture WDG, announced in Budget 2025, consolidates various initiatives to provide more holistic support for workforce transformation, including job redesign efforts with enhanced funding (MOF, 2025). Additionally, the SFEC offers credits to defray expenses for enterprise and workforce transformation initiatives (SSG, 2025), while the CTC Grant, administered by NTUC, supports training projects linked to business transformation (NTUC, 2023). Schemes like the Workfare Income Supplement (WIS) and Workfare Skills Support (WSS) continue to uplift lower-wage workers through direct income supplements and subsidised training (MOM, 2024b).

A recurring theme is the critical need for productivity growth to sustain wage increases, particularly those mandated under the Progressive Wage Model (PWM) and Local

Qualifying Salary (LQS) frameworks (MOM, 2024a). The underlying principle of the PWM is that higher wages should correspond to higher skills and improved productivity (NTUC, 2024). SNEF consistently stresses that wage increases must be backed by productivity gains to ensure long-term business competitiveness and sustainability (SNEF, 2024). While the PWM is designed to provide structured, sustainable wage growth by systematically linking wages to skills upgrading, productivity improvements, and career progression pathways, achieving the necessary productivity gains remains a significant hurdle for many SMEs. This challenge stems from the high costs of upgrading, a lack of internal expertise, and uncertainty regarding the return on investment (SNEF, 2024; ASME, 2024). These difficulties underscore the ongoing importance of government support mechanisms in facilitating genuine, long-term productivity transformation within SMEs.

Recognising employee contributions through compensation is also vital for motivation, particularly within SMEs where employees often possess valuable tacit knowledge that underpins daily operations. MOM has provided guidelines encouraging fair and transparent compensation practices for SMEs. WSG and NTUC's e2i also actively promote progressive human resource practices among SMEs, aiming to strengthen workplace fairness and talent retention (NTUC LearningHub, 2024; WSG, 2024). To support HR capabilities in SMEs, the IHRP has introduced a Skills Badge in Compensation and Benefits to enhance the capacity of SMEs' HR practitioners to structure fair and competitive pay systems (IHRP, 2024). Lastly, TAFEP promotes the implementation of transparent performance management systems within SMEs to ensure equitable recognition and career development opportunities (TAFEP, 2024).

2.3 Talent Retention

SMEs form the backbone of Singapore's economy, yet they consistently grapple with the significant challenge of attracting and retaining talent in a competitive landscape. The persistent issue of workforce mobility underscores this difficulty. While specific monthly resignation rates fluctuate, data from MOM consistently highlights ongoing movement within the labour market, posing retention hurdles for many businesses (MOM, 2025). For SMEs, this challenge is often amplified by difficulties in matching the comprehensive compensation packages, extensive career advancement pathways, and robust employee benefits frequently offered by larger firms. These larger firms often possess greater resources for higher base salaries, performance bonuses, stock options, and wider-ranging insurance or wellness programmes, creating a perceived disparity that SMEs must actively counter.

However, addressing salary competitiveness is only one facet of the complex talent retention equation. Increasingly, workplace culture has emerged as a critical differentiator and a powerful retention lever. A positive and supportive organisational culture can significantly influence an employee's decision to stay. Such cultures foster a sense of belonging, trust, and mutual respect, enhancing employee engagement, loyalty, and overall job satisfaction, which are vital for retention, particularly when competing against firms with larger financial resources. SMEs can cultivate this by promoting transparent communication, demonstrating ethical leadership, and actively fostering teamwork and recognition.

Furthermore, providing clear career development pathways is essential for retaining ambitious employees. Staff are more likely to remain with an organisation where they see opportunities for growth and skill enhancement. Recognising this, WSG offers significant

support through initiatives like the CCPs. These programmes aim to help SMEs reskill and upskill their existing workforce, including mid-career individuals, for new or redesigned roles. With substantial salary support available (potentially up to 90% for eligible employees), CCPs enable SMEs to invest in their employees' development, facilitate internal mobility, and build critical capabilities without bearing the full financial burden. Beyond formal programmes, SMEs can implement mentoring schemes, offer cross-functional project opportunities, and support relevant external training to demonstrate commitment to employee growth.

Effective employee engagement practices are also central to retention and need not require a substantial financial outlay. Regular feedback mechanisms, such as frequent one-on-one check-ins between managers and employees, create channels for open dialogue. Establishing transparent communication about business goals, challenges, and successes helps employees feel connected to the larger purpose of the organisation. Crucially, actively listening to employee suggestions and demonstrating visible action or providing clear reasoning when suggestions cannot be implemented shows that their input is valued. These practices contribute to a more engaged workforce where employees feel heard, respected, and involved in the company's journey.

Finally, the focus on employee well-being has become non-negotiable in the modern workplace and is a key factor in retention. Burnout, stress, and a lack of work-life balance are significant drivers of attrition. Organisations like the Singapore Business Federation (SBF) advocate for SMEs to proactively implement wellness initiatives. This extends beyond basic benefits to include promoting Flexible Work Arrangements (FWAs) (where operational needs allow), providing access to mental health support resources (like Employee Assistance Programmes or mental wellness workshops), encouraging regular breaks, managing workloads effectively, and fostering a culture that respects personal time. Investing in employee well-being signals that the company cares for its staff as individuals, which can significantly boost morale and loyalty.



Chapter 3: Talent Upskilling – The SME Growth “Skills Development” Model

3.1 Challenges Faced in Upskilling the Workforce

SMEs often fear losing employees after training. The 2024 National Business Survey by the SBF highlighted this concern, and reported that one in five employers worry trained employees will be poached by competitors (SBF, 2024). However, a frequently overlooked yet significant hidden cost is the attrition associated with a lack of training. While affirming that one in five (21%) trained employees may eventually depart, our findings indicate an even greater challenge: one in four (28%) untrained employees may also depart.

Learning Motivation, Relevant Courses, Time Away, and Training Cost

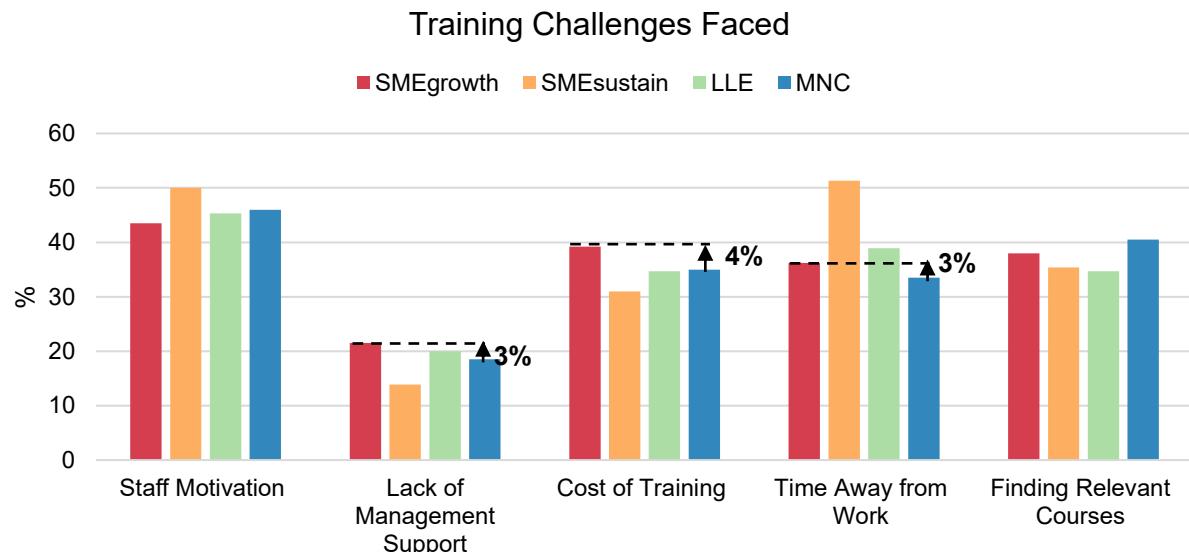
Both SMEs and larger organisations (LLEs/MNCs) invest in workforce development through training initiatives but face distinct challenges in implementation. SMEs reported greater challenges, with SME Sustain companies experiencing the highest burden of time away from work and staff motivation issues. While larger organisations generally face similar challenges, they reported these at lower intensities.

Key Findings:

- ❖ **Staff Learning Motivation:** More than 40% of companies across all archetypes cited low learning motivation. This is a universal issue, but it is especially problematic for SMEs, which have fewer resources to create structured incentives or career pathways to sustain learning motivation compared to larger firms.
- ❖ **Lack of Management Support for Upskilling:** This is a relatively smaller challenge overall.
- ❖ **Cost of Training:** The cost of training is a challenge across all archetypes. For SMEs, this represents a sharper trade-off as training budgets often compete directly with operational survival. Unlike larger firms, SMEs rarely have dedicated training functions, making them more vulnerable to cost pressures.
- ❖ **Time Away from Work:** This is the most disproportionate pain point for SMEs. Over half of SME Sustain companies (51%) cited time away from work as a barrier, compared to 34% of MNCs and 39% of LLEs. SMEs' lean manpower structures amplify the operational disruption caused by releasing staff for training, making this challenge far more acute.
- ❖ **Finding Relevant Courses:** While MNCs reported slightly greater difficulty than SMEs in sourcing for the right courses, this may largely reflect their need for specialised/niche training. For SMEs, the issue is likely less about course availability and more about limited HR bandwidth to navigate options and guide employees towards the right programmes.

“We have faced challenges with resource constraints and the time it takes to properly implement these programmes. But we are working towards expanding them.” (Founder, Food Manufacturing)

Figure 1. Challenges Faced in Training the Workforce Across the Four Archetypes



Source: M17. What are your biggest challenges in training staff? (Pick top 3)

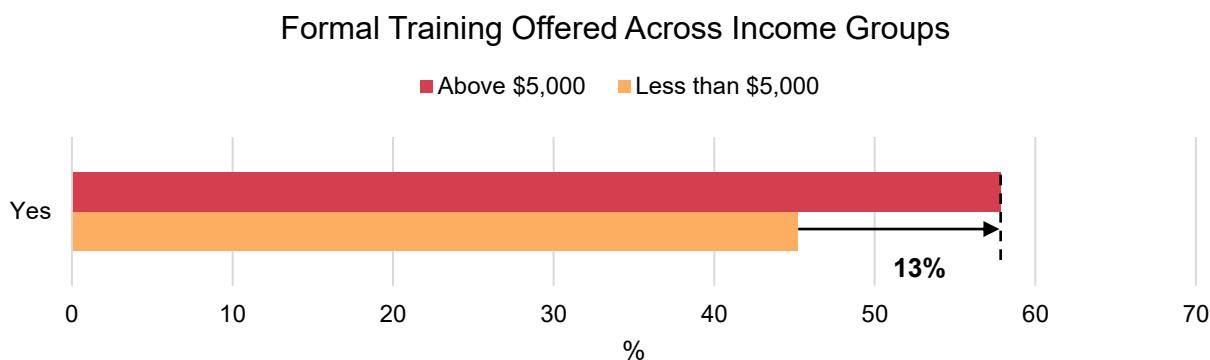
Formal Training Access Disparities Across Income Groups

Our analysis reveals a 13% disparity in formal training opportunities across income groups, with employees earning under S\$5,000 being less likely to receive such opportunities.

Key Findings:

- ❖ **Overall Training Penetration:** The overall formal training offered ranges from 45% to 58% across income groups.
- ❖ **Income-Based Disparity:** Employees earning less than S\$5,000 were 13% less likely to be offered formal training compared to those earning above S\$5,000.

Figure 2. Access to Formal Training: Income-Based Analysis



Sources: E25. What is your current gross monthly income? E43. Has your company offered you any formal training courses or workshops in the past 2 years?

The training participation rates across income groups should be improved as it can hinder the development of a skilled workforce, potentially impacting productivity, innovation, and long-term organisational growth (Noe, 2017). Especially for lower-income employees, the lack of training represents a missed opportunity for upskilling and career progression, potentially exacerbating existing income inequalities (Cascio & Aguinis, 2019).

3.2 The SME Growth “Skills Development” Model

Higher Learning Awareness: Needs and Challenges Faced

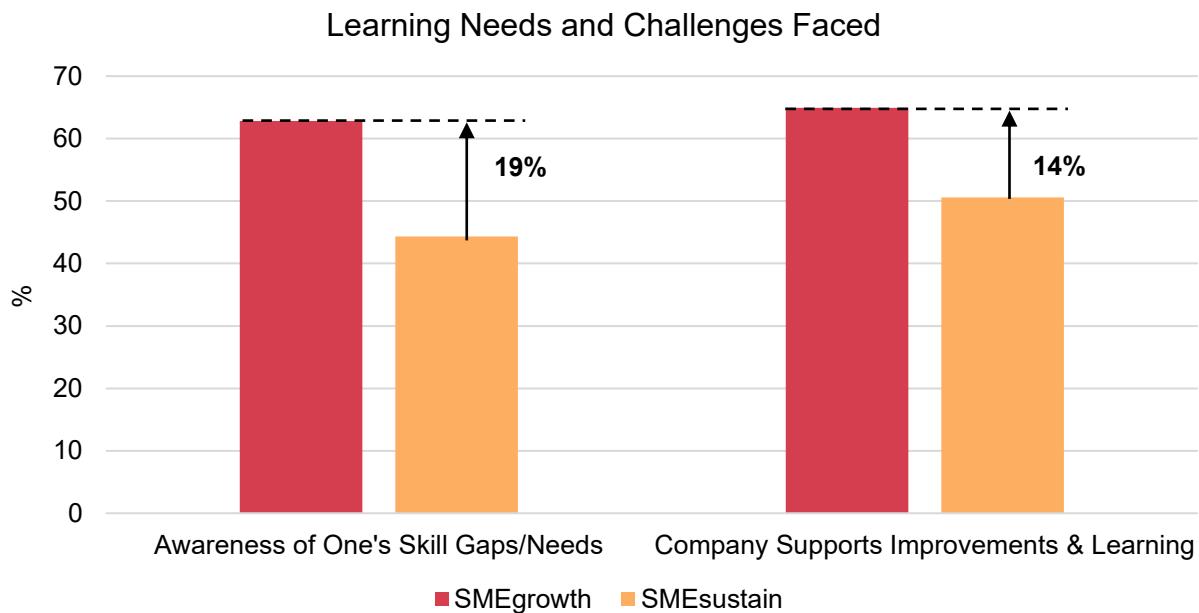
Learning needs and challenges vary between SMEs and larger firms, largely due to differences in access to resources and opportunities. Despite these challenges, SME Growth companies reported a perception of greater awareness of workforce skill gaps and appear to show more confidence in their companies' support for continuous development, as compared to other SME archetypes and larger firms.

Key Findings:

- ❖ **Awareness of Skill Gaps:** SME Growth companies reported higher employee awareness of skill gaps (63%) compared to SME Sustain companies (44%). This may reflect the growth imperative, where expanding firms are more proactive in identifying skill needs.
- ❖ **Support for Continuous Improvement & Learning:** 65% of SME Growth companies reported supporting continuous improvement and learning, as compared to 51% of SME Sustain companies. SME Growth companies are more likely to embed learning cultures as part of their expansion strategy while SME Sustain companies may lack HR capabilities or see training as a cost rather than an investment, limiting structured support for employees.

“There is still a gap in addressing the unique needs of SMEs, especially in terms of workforce training and talent retention.” (Founder, Food Manufacturing)

Figure 3. Higher Learning Awareness of SME Growth Companies



Source: M20. Please indicate the extent to which the following statements reflect learning needs and challenges in your company.

Training Gaps: Leveraging Diverse Training Methods

Limited resources and access to training opportunities often give rise to learning needs and challenges. Larger firms typically benefit from greater access to training resources and the flexibility to allocate time for workforce development. On the other hand, SMEs often face significant constraints in these areas. They typically face higher costs for training per employee due to a lack of economies of scale.⁸ Moreover, they face tighter manpower constraints, which might increase the opportunity cost of sending employees for training.⁹

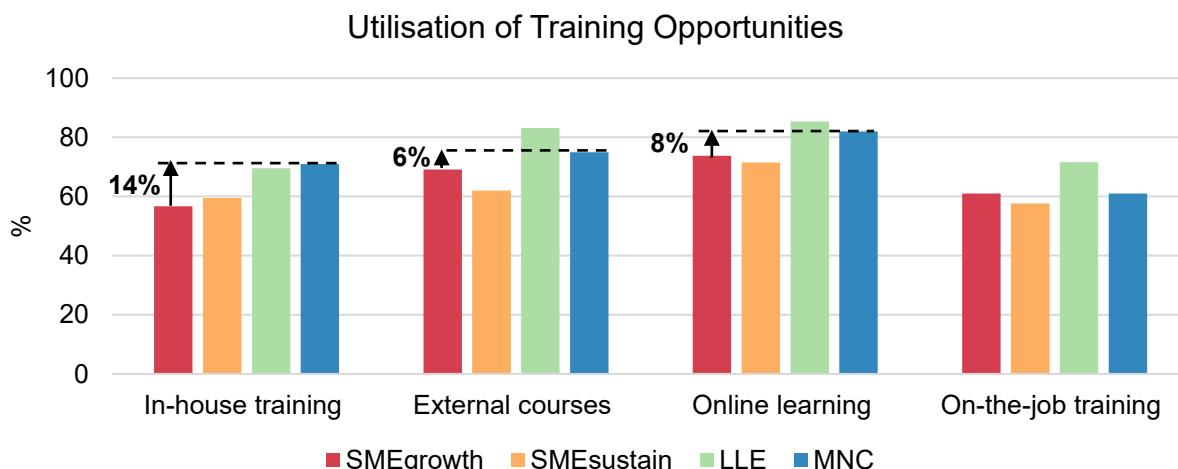
Though this disparity places SMEs at a disadvantage, SMEs can explore various training mechanisms to overcome their challenges.

Key Findings

- ❖ **In-House Training:** SME Growth companies showed a 14% lower utilisation of in-house training methods than MNCs, reflecting structural limitations such as the absence of dedicated corporate academies or training functions that are common in larger firms.
- ❖ **External Courses and Online Learning:** SMEs are closer to larger firms in their use of external courses (6% below MNCs) and online learning (8% below MNCs). This could suggest that SMEs rely on more accessible, off-the-shelf solutions rather than costly in-house programmes, balancing training needs with resource constraints.
- ❖ **OJT:** OJT is similarly prevalent across all firm types, showing that SMEs and MNCs alike depend on OJT for workforce development.

"I'm still trying to push and I'm also trying to look for a platform like NTUC e-learning or even LinkedIn learning. Maybe I can start with a small group first to have this subscription for them to go online to do e-learning."
(Senior Management, Retail Manufacturing)

Figure 4. Training Gaps: Leveraging Diverse Training Methods



Source: M16. How do you currently train your staff? (Check all that apply)

⁸ US Training Industry Report, 2024.

⁹ National Business Survey (Manpower & Wages Edition), Singapore Business Federation, 2024.

Informal Learning: Driving Learning Through Everyday Interactions

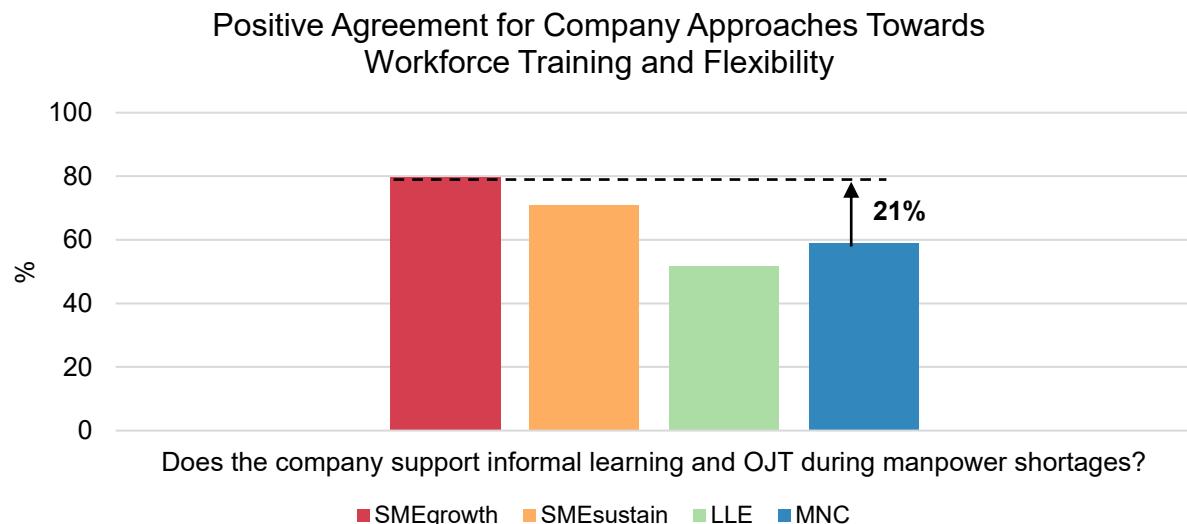
While formal training programmes play a crucial role in employee development, informal learning (e.g. OJT, observational learning, and learning through feedback) often accounts for a significant portion of how employees acquire knowledge and skills in the workplace. This is particularly relevant in the context of SMEs, where resource constraints and the need for agility may necessitate a greater reliance on informal learning approaches. Understanding how employees in SMEs perceive and engage with informal learning is essential for optimising knowledge sharing, fostering a culture of continuous learning, and ultimately driving organisational success.

Key Findings:

- ❖ **Informal Learning:** 80% of SME Growth companies showed the highest level of support for informal learning and OJT during manpower shortages, compared to 71% of SME Sustain companies. SMEs' higher reliance on informal learning and OJT may likely reflect their need to adapt quickly with leaner resources.
- ❖ **SMEs versus Larger Firms:** SME companies also generally recorded lower support than LLEs for forms of informal learning such as feedback, observation, and experimentation. Larger firms may be better positioned to formalise these processes, whereas SMEs may rely more on ad hoc, task-driven learning.

Taken together, these findings suggest that while SME Growth companies use informal learning as a pragmatic strategy to overcome manpower constraints, many SMEs, especially those in Sustain stages, struggle to institutionalise such practices, leaving employees with fewer avenues for continuous development.

Figure 5. Perception Towards Informal Learning



Source: M26b(i). This company is willing to encourage informal learning and OJT to allow employees to train and work in the event of manpower shortage. Please indicate your level of agreement.

The findings highlight distinct differences in how companies approach workforce training and flexibility. SME Growth companies stand out with their strong support for informal learning and OJT, coupled with a willingness to embrace contingent employees.

Figure 6. Learning Through Feedback

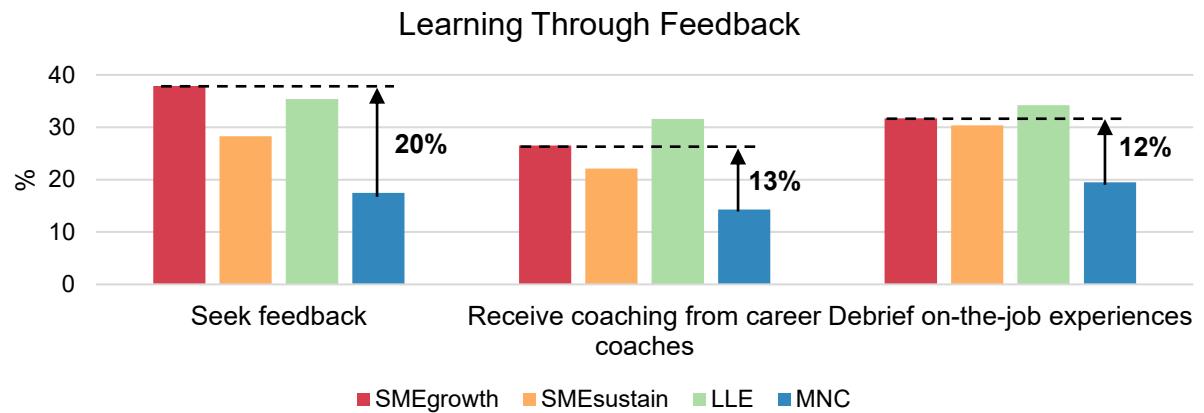


Figure 7. Learning Through Observations

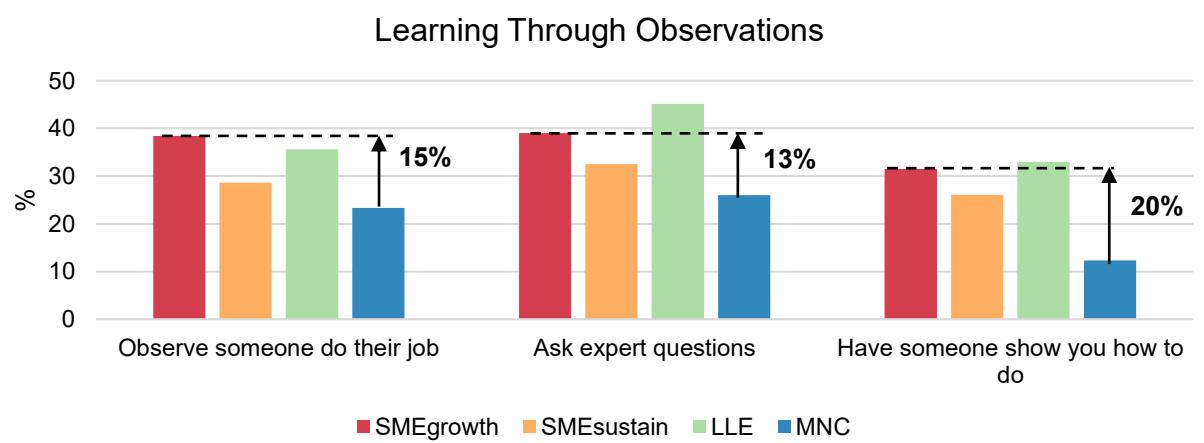
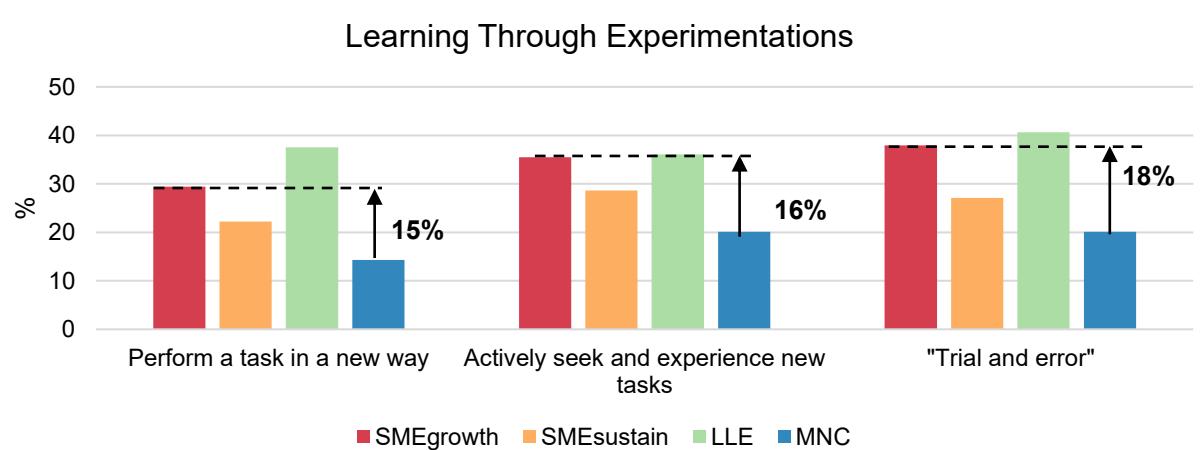


Figure 8. Learning Through Experimentations



Positive Attitudes and Mindsets Towards Training

Despite limited resources, SMEs, especially SME Growth companies, generally maintain a positive outlook towards employee training, recognising the significant benefits it brings to their workforce. They understand that training can develop essential skills within the company and enhance job satisfaction levels. Moreover, the advantage of being in an SME is the agility it offers. Employees who undergo training can contribute to rapid growth and innovation, potentially propelling the company to greater heights at a faster pace than larger firms.

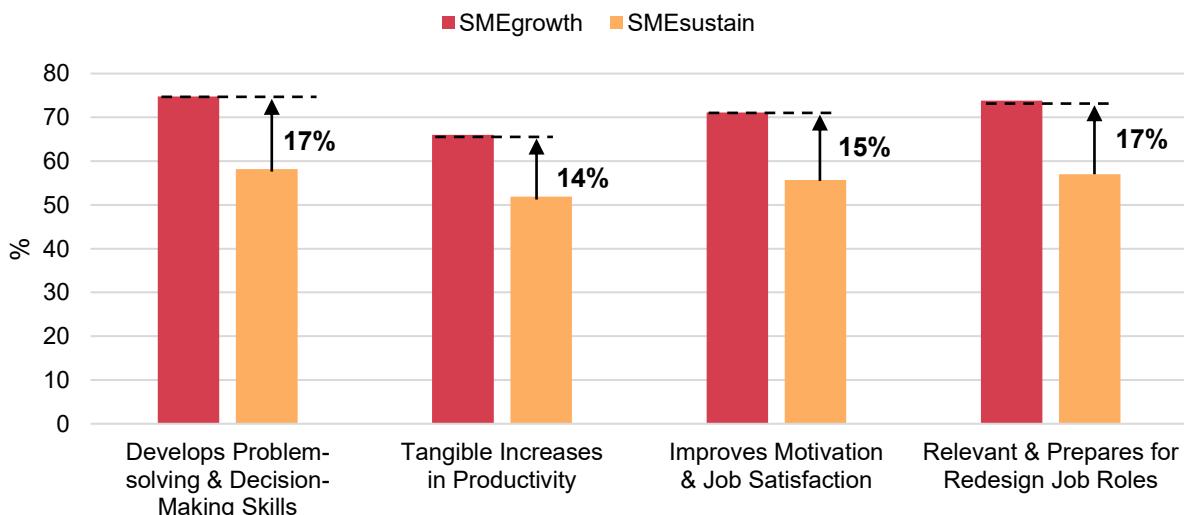
Key Findings:

- ❖ **Training Positivity:** SME Growth companies lead in viewing training positively. When asked about how training benefits their company in various aspects, SME Growth companies showed positive perceptions that training:
 - Develops Problem-solving and Decision-Making Skills
 - Results in Tangible Increases in Job Productivity
 - Improves Motivation and Job Satisfaction
 - Is Relevant and Prepares Employees for Redesigned Job Roles
- ❖ SME Sustain companies lag behind. While still recognising the value of training, SME Sustain companies trailed SME Growth companies by 14% to 17% across all areas. This suggests SME Sustain companies may struggle more to translate training into tangible business outcomes, reflecting tighter constraints on resources and organisational agility.

"We base training on employee feedback and business needs. We focus on a mix of technical skills training and leadership development."
(Founder, Food Manufacturing)

Figure 9. Positive Attitudes and Mindsets Towards Training

Positive Views Towards Training & Its Benefits for Employees



Source: M20. Please indicate the extent to which the following statements reflect learning needs and challenges in your company.

According to the National Business Survey by the SBF in 2024, SMEs are 16% less likely than larger companies to be currently providing training.¹⁰ SMEs were also more likely to face difficulties investing in staff training due to resource constraints and the high cost of training. However, respondents who self-reported as SME Growth or SME Sustain (i.e. rapidly expanding, or stable) are likely to have a more positive and forward-leaning perspective on training as compared to the broader SME population.

Beyond Size: SME Growth Companies Lead in Training Support Commitment

Employers' reported commitment to training support initiatives varies significantly across different organisational archetypes, with SME Growth companies consistently reporting stronger agreement. In contrast, larger firms reported more moderate levels of agreement. Notably, all organisation types reported lower agreement levels in compensation for external training, suggesting that this is a common area requiring attention. The difference between SME Growth companies and other archetypes suggests the forward-leaning mindset of the former. This mindset provides a strong foundation for developing robust training support systems and strengthening the SME workforce.

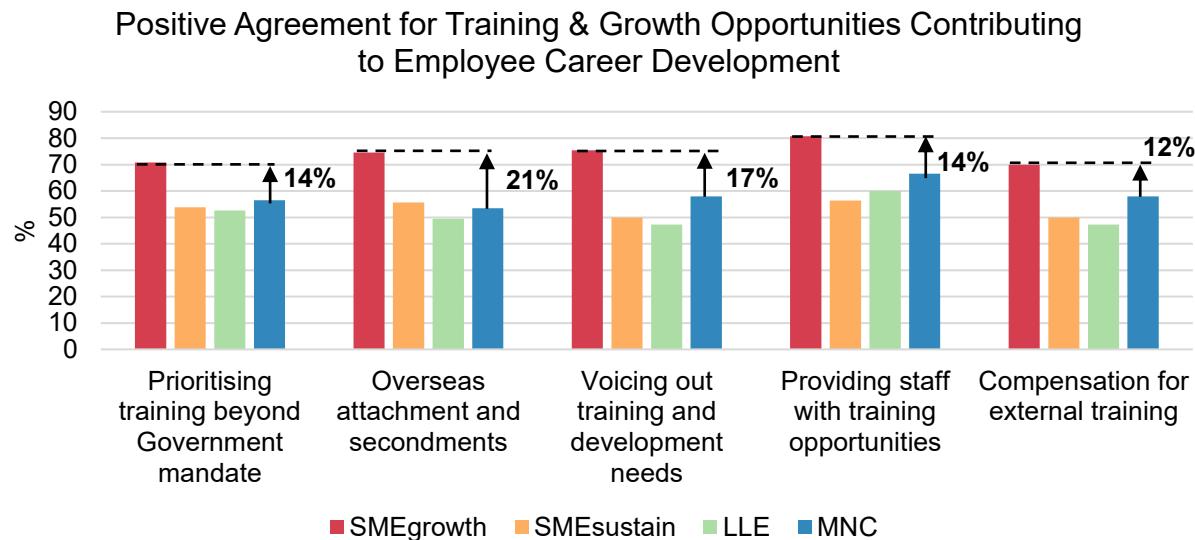
Key Findings:

- ❖ **Prioritising Training Beyond Compliance:** 71% of SME Growth companies agreed that providing employees with training beyond that mandated by Government regulations is a priority to the company, compared to just over half of SME Sustain companies. This suggests SME Growth companies are more proactive in embedding workforce development in their business strategy, while SME Sustain companies may focus on meeting the minimum training requirements.
- ❖ **Overseas Attachments and Secondments:** 75% of SME Growth companies agreed that they are willing to send their employees for Overseas Attachments and Secondments. This reflects SME Growth companies' stronger outward orientation and willingness to invest in international exposure for talent development.
- ❖ **Voicing Out Training and Developmental Needs:** SME Growth companies are more likely than larger firms to agree that their employees are given opportunities to voice out their training and developmental needs. This highlights a participatory learning culture that may be less entrenched in larger firms.
- ❖ **Training Opportunities and Compensation for External Training:** SME Growth companies also lead in reporting that they provide employees with training opportunities and compensate employees for external training. SME Sustain companies, however, lag behind SME growth companies on this, reflecting sharper resource trade-offs.

“Employees who show initiative and align with our company’s values are prioritised for training. We also consider their role in the company and the potential for growth.” (Founder, Food Manufacturing)

¹⁰ National Business Survey (Manpower & Wages Edition), Singapore Business Federation, 2024.

Figure 10. Beyond Size: SME Growth Companies Lead in Training Support Commitment



Source: M21. These questions explore the ways your company supports the employees' career development. Please rate the following statements about the programmes and opportunities available to your employees.

Hiring Contingent Employees: Substitute for Employees on Training

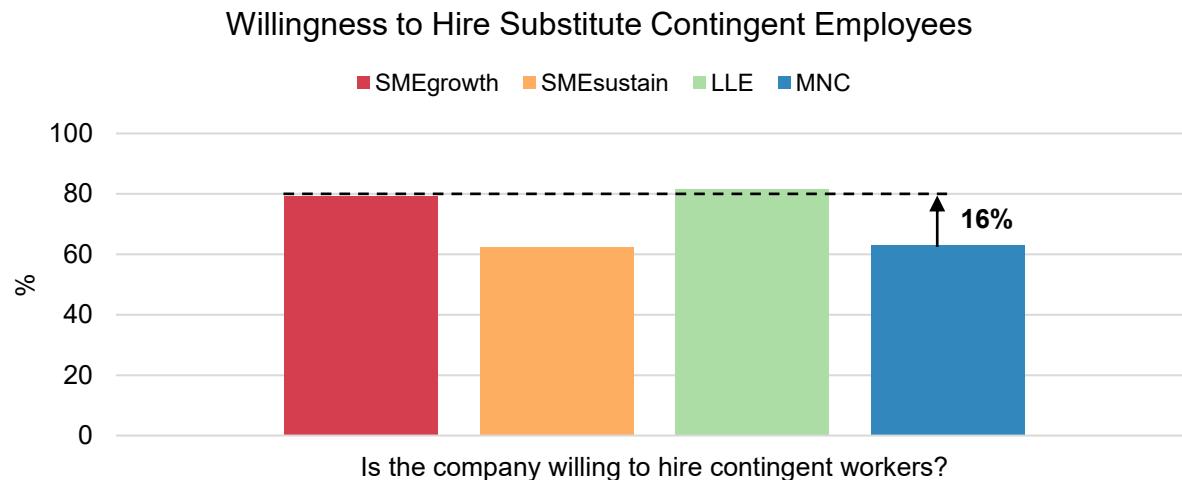
Contingent employees are those employed by a company on a project-by-project or short-term basis, including independent contractors, freelancers, temporary staff, and service labour. Hiring temporary substitutes reduces the opportunity cost of sending SME Growth companies' permanent employees for formal training. Our analysis shows that SME Growth companies stand out with their willingness to hire contingent employees, who could potentially serve as substitutes for employees on training as a form of support.

Key Findings:

- ❖ **Contingent Hiring as a Training Enabler:** SME Growth companies showed a strong willingness (79%) to hire contingent employees, reflecting their proactive stance towards workforce development despite their leaner manpower structures. However, only 62% of SME Sustain companies reported this willingness, suggesting tighter cost considerations and less HR flexibility. This gap underscores why SME Sustain companies often find it harder to release staff for training.
- ❖ **Larger Firms Lead:** LLEs recorded the highest willingness to hire contingent workers (82%), reflecting their stronger resourcing capacity and structured HR systems. By contrast, MNCs reported lower willingness (63%), possibly due to internal redeployment practices or reliance on global resourcing strategies.

Taken together, this suggests that while SME Growth companies embrace contingent hiring to enable training, many SMEs, particularly the SME Sustain companies, remain constrained, limiting their ability to balance skills development with operational continuity.

Figure 11. Training Enablers: Hiring Contingent Employees



Source: M26b(i). Please indicate your level of agreement.

3.3 Implications for SMEs

Training Challenges Are Not Unique to SMEs

While SMEs may face tighter resource constraints, the challenges they encounter in training are not unique to their size (Arthur et al., 1995). Larger firms also grapple with issues like employee motivation, time constraints, and the need for relevant training content. The findings reveal key insights into how different organisational archetypes approach training and development, challenging conventional assumptions, and highlighting opportunities for improvement. Here are five key takeaways:

1. Bridging the Gap in Training Resources and Support

A higher proportion of SME Growth companies reported that they were aware of their organisational learning needs and challenges and supported continuous learning to address these needs. However, barriers such as limited training resources and methods might hinder their progress. Flexible, modular, and affordable learning opportunities, focusing on problem-solving, decision-making, and job role adaptation, are especially suited to SMEs, where resource constraints are the greatest.

2. Enhancing Accessibility Diverse Training Programmes

The gaps in accessibility of in-house training resources indicate a need for more inclusive and flexible training solutions. This could include developing online learning platforms and training courses that are both affordable and adaptable to SMEs' operational constraints. Online learning would be beneficial for SMEs, as this gives the learner flexibility to access the resources as and when required. Another possibility could be to amalgamate training demand from several similar SMEs for greater economies of scale for a common training provider. Additionally, government support, in the form of subsidies or shared digital learning platforms, can reduce cost pressures for SMEs. This support could focus on accessible training platforms, such as e-learning subscriptions, that SMEs can leverage without straining their budgets (Sangrà et al., 2012). Furthermore, the Organisation for Economic Co-operation and Development (OECD, 2021) suggests that supporting SME digitalisation through policies and initiatives can significantly enhance their access to digital training tools.

3. Promoting the Value of Informal Learning

The moderate scores of informal learning suggest a need for SMEs to actively promote the value and benefits of informal learning (Marsick & Watkins, 2001). This could involve raising awareness of different informal learning approaches, showcasing successful examples, and highlighting their impact on career development. It is crucial to identify and address potential barriers hindering employees' engagement with informal learning. These barriers might include a lack of time, limited opportunities, or a perceived lack of support from management. SMEs could consider implementing strategies to overcome these obstacles, such as creating dedicated time for learning, providing mentorship programmes, or establishing online platforms for knowledge sharing. Additionally, fostering intrinsic motivation by providing autonomy, mastery opportunities, and a sense of purpose can encourage informal learning (Cerasoli et al., 2014).

Creating a culture that values and supports informal learning requires active leadership involvement (Kouzes & Posner, 2017). Leaders or supervisors can role-model these behaviours, encourage knowledge sharing, and provide resources and opportunities for employees to engage in informal learning activities. SMEs should also consider integrating informal learning with formal training programmes to create a more holistic and impactful learning experience (Billett, 2011). This could involve incorporating peer learning, OJT, or mentoring into formal training initiatives.

4. Committing to Training

Despite the assumption that larger organisations with more resources would exhibit greater commitment to training, SME Growth companies showed a forward-leaning mindset and willingness to support training opportunities for their employees. This suggests that a positive outlook and growth-oriented mindset, often characterised by a strong vision and core values (Collins & Porras, 1996), are key drivers of training support. Such companies are more likely to recognise the strategic importance of investing in their employees' development to fuel innovation and achieve ambitious growth targets. This commitment highlights a suitable foundation for comprehensive training programmes, dedicated resources, and a culture that values continuous learning.

5. Hiring Contingent Employees to Potentially Enable Formal Training

SME Growth companies are more open to hiring contingent employees, allowing permanent employees to attend training without disrupting operations. As such, this willingness reflects a pragmatic approach to overcoming manpower constraints. SMEs that have plans to expand or are confident in their potential may be more willing to tap into these alternative sources of labour, further bolstering their ability to invest in workforce development.



Chapter 4: Talent Wages – The SME Growth “Meaningful Work” Model

4.1 Challenges of Salary Increase Expectations

Rethinking Motivation: Insights from Salary Increase Expectations

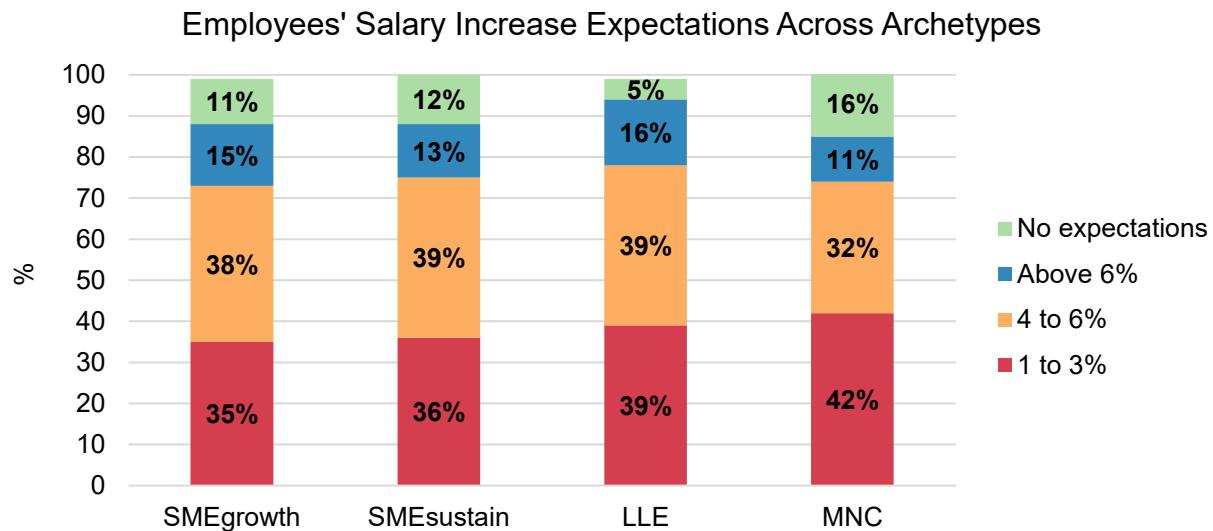
This chapter explores how salary increase expectations align across different company archetypes. It invites consideration as to whether compensation alone is the most effective approach to driving employee motivation, or if other factors need to take precedence.

Key Findings:

- ❖ **1% to 6% Salary Increase Expectations:** Across all archetypes, a strong majority of employees (at least 70%) expect a salary increase within this range. This signals a fairly realistic anchoring of expectations, with most employees aligning to modest, incremental adjustments rather than outsized increases.
- ❖ **More than 6% Salary Increase Expectations:** A smaller proportion of employees in SMEs (between 11% and 16%) across all archetypes anticipate salary increases exceeding 6%. LLEs have the highest share of such employees (16%), which may signal that workers in larger local firms benchmark themselves against MNC norms, or perceive room for catch-up where pay levels may lag.
- ❖ **No Expectations:** Employees with no expectations of salary increase remain the minority across archetypes, but patterns vary. Only 11% of SME Growth and 12% of SME Sustain employees reported having no expectation, and the corresponding share among LLE employees is even lower at 5%. In contrast, MNCs recorded the highest proportion (16%), which could be read in two ways: either employees in MNCs feel sufficiently compensated and less reliant on annual increments, or conversely, they may perceive wage progression as slower in highly structured environments where increases are tied to strict global benchmarks.



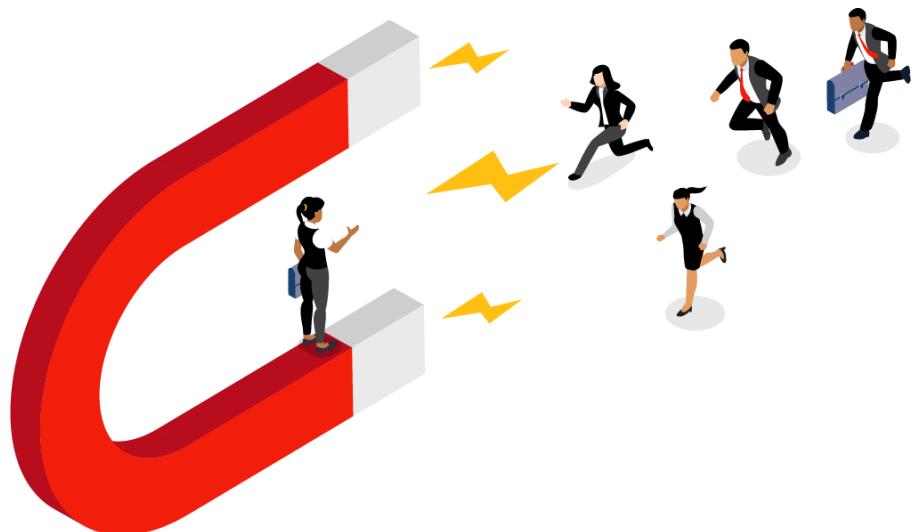
Figure 12. Employees Across Archetypes have Similar Salary Increase Expectations



Source: E26. *How much do you think your salary will increase in the next 12 months?*

Our data suggest that the employees' salary increase expectations is largely consistent across the company archetypes. When these expectations converge around similar ranges, monetary rewards risk being seen as baseline entitlements rather than true motivators.

For SMEs, this creates both a challenge and an opportunity. The challenge lies in their limited ability to outcompete MNCs based on financial rewards alone. Yet the opportunity lies in shifting the value proposition beyond pay, towards meaningful career development, flexibility, empowerment, and workplace culture. By investing in these non-monetary levers, SMEs can build a distinctive edge in attracting, motivating, and retaining talent, even in an environment where salary expectations are broadly consistent. The following subsections explore practical approaches to engage and motivate employees through non-monetary means.



4.2 The SME Growth “Meaningful Work” Model

Self-Determination in Action: Empowerment in Decision and Execution

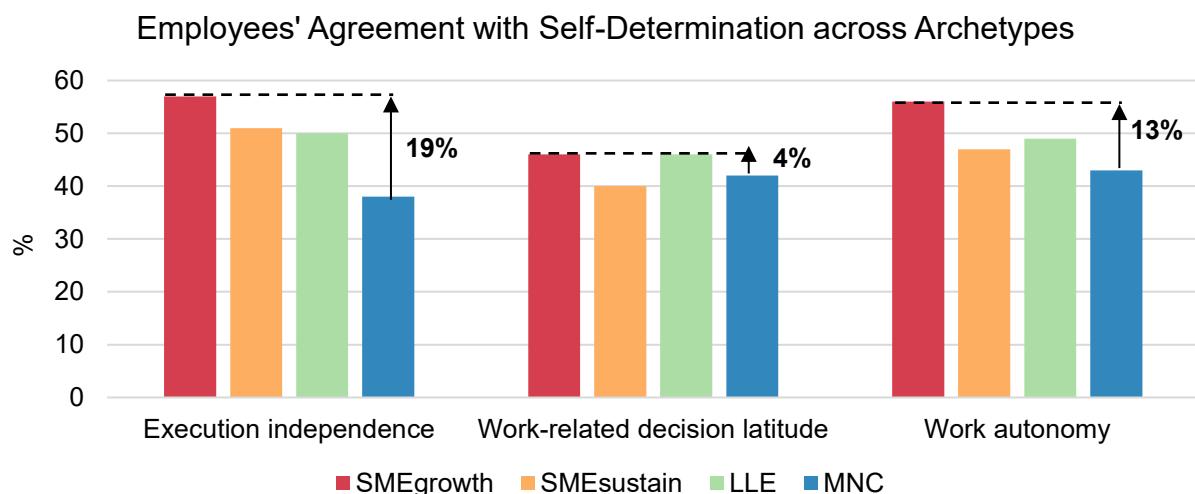
Employees with higher self-determination (i.e. ability to make work-related decisions and manage their work) are instrumental in shaping decisions and driving innovation within the company. Our data suggest that SME Growth environments offer work autonomy, providing employees with more **execution independence** (freedom in how they perform tasks), and **work-related decision latitude** (freedom in making choices about their work). As a result, employees in these environments exhibit higher levels of self-determination.

Key Findings:

- ❖ **Employees in SME Growth Companies Showed Relatively High Regard for Self-Determination:** A majority of employees in SME Growth companies (57%) indicated agreement with execution independence, reflecting a culture of trust and flexibility where individuals are empowered to act with autonomy. This finding is reinforced by similarly high scores in work-related decision latitude and work autonomy.
- ❖ **Moderate Agreement Observed in SME Sustain and LLE Companies’ Employees:** Employees from these two archetypes reported moderate levels of self-determination (between 40% to 51%). This places them below SME Growth companies.
- ❖ **Lagging Perceptions Among MNC Employees:** By contrast, employees in MNCs consistently reported the lowest levels of self-determination, with the largest gap of 19 percentage points in execution independence compared to SME Growth companies. This suggests that the more structured hierarchies and globally standardised processes of MNCs may constrain day-to-day autonomy, even if employees benefit from better institutional resources.

“Let them have a free hand to run. [...] they are free salesmen.” (Founder, Logistics)

Figure 13. SME Growth Employees Have Higher Self-Determination



Source: E36. These questions refer to the nature of your job. Please indicate how much you agree with the following statements in reference to your current job.

More Meaningful Work: Making a Difference

Perceptions of meaningful work play an important role in shaping how employees evaluate their career experiences. Our data reveal variations across archetypes in how employees rate the meaningfulness of their work, its perceived impact, and its contribution to society. Particularly, employees in SME Growth companies report perceiving higher levels of meaningful work, highlighting the potential of the SME Growth archetype as a model in providing employees with a stronger sense of purpose and impact in their careers.

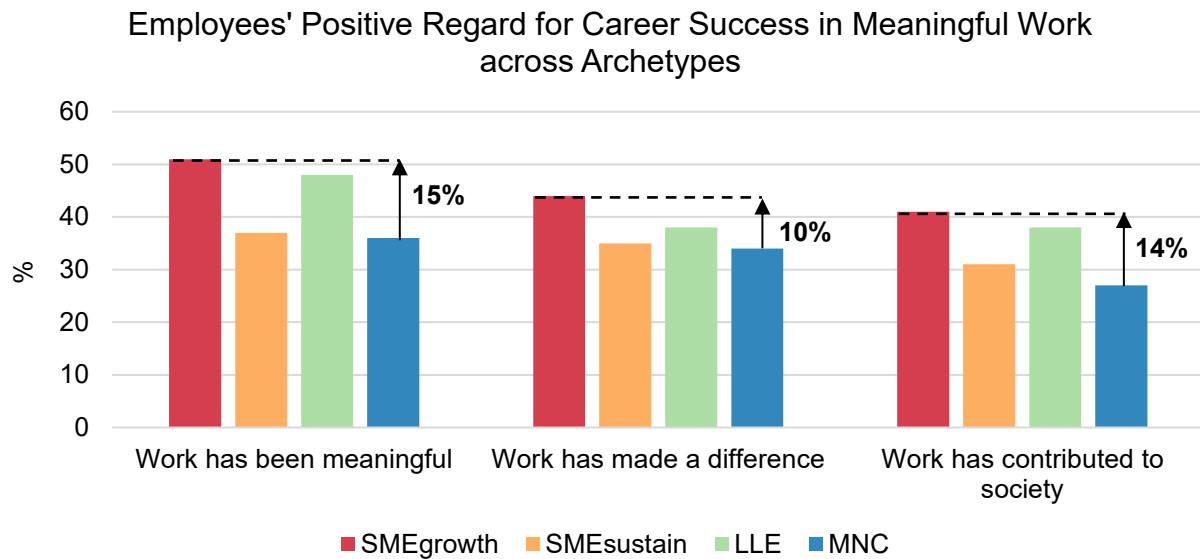
Key Findings:

- ❖ **Employees in SME Growth Companies:** They reported the strongest sense of meaning (51%), impact in their work (44%), and societal contribution (41%). This suggests that SME Growth companies may provide employees with a stronger sense of personal impact and fulfilment, possibly due to more dynamic environments, closer proximity to decision-making, or clearer visibility of individual contributions.
- ❖ **SME Sustain Employees:** Results showed relatively lower mean scores in finding their work meaningful (37%), particularly for societal contribution (31%). This could reflect the challenges of operating in a sustaining (rather than growth) trajectory, where resource constraints, slower momentums, or organisational pressures may limit employees' sense of fulfilment and broader impact.
- ❖ **Employees in LLE Companies:** Broadly comparable to employees in SME Growth companies, especially in the sense of meaningful work (48%) and societal contribution (38%). This indicates that while LLEs may not always provide the same entrepreneurial dynamism as SME Growth companies, they nonetheless succeed in giving employees a relatively strong sense of purpose and societal impact.

"The biggest reason for them to stay... is that they are empowered to try new things. They are thrown into the deep end of the pool, but we also tell them that you don't worry about the results because there is always layers of people who are there at the top to manage for the results and ensure the results are obtained." (Senior Management, Land Transport)



Figure 14. SME Growth Employees Find More Meaning in Their Work



Sources: E47. To what extent do you consider the following facets when you evaluate your own career success? Considering my career as a whole...

Higher Career Satisfaction: Thriving Career

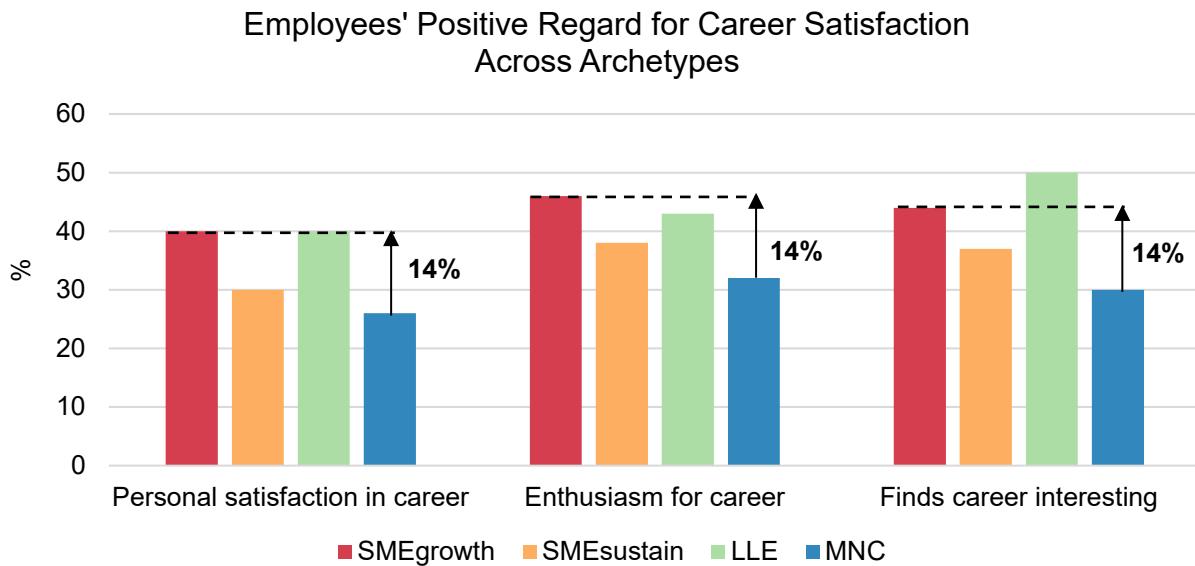
Career satisfaction is critical in maintaining employee engagement and retention. The data shows that working in an SME Growth company correlates with higher personal satisfaction, enthusiasm, and interest in one's career path. This suggests the SME Growth model can offer insights into fostering greater career satisfaction among employees.

Key Findings:

- ❖ **Career Satisfaction of Employees in SME Growth and LLE Companies:** These two archetypes reported highest overall career satisfaction, with positive regard consistently above 40% across all indicators. Particularly, employees in SME Growth companies led in personal satisfaction (40%) and enthusiasm for their career (46%), underscoring that the growth trajectory of these firms often translates into higher employee motivation and attachment.
- ❖ **Career Satisfaction of Employees in SME Sustain Companies:** Showed moderate levels of career satisfaction, with slightly lower agreement with personal satisfaction in their career (30%). This may reflect the tension between sustaining operations and limited prospects for dynamic career development, dampening enthusiasm.

“Employees have definitely appreciated [being part of the company] and most of them have stayed with us for really long.” (Senior Management; Senior HR Officer, ICT)

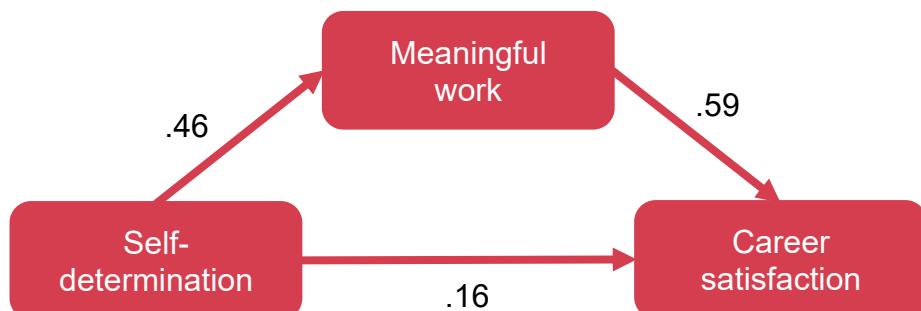
Figure 15. SME Growth Employees Express Higher Career Satisfaction



Meaningful Work Influences Career Satisfaction More Than Compensation

We analysed factors that drive career satisfaction beyond compensation in SME Growth companies. Our data suggest that non-monetary factors such as meaningful work can effectively engage self-determined employees. By addressing these intrinsic motivators, companies can create an environment where top performers remain committed, even when immediate financial rewards are not viable.

Figure 16. The Mediation Model of Engaging Highly Self-Determined Employees in SME Growth Companies¹¹



Our analysis highlights that self-determination leads to greater career satisfaction, primarily when employees are engaged in work that they find meaningful. Rather than autonomy alone driving fulfilment, we found that the alignment between an employee's internal determination and the purposefulness of their work fosters lasting engagement. In the SME Growth companies, employees demonstrated this model in practice, scoring

¹¹ This diagram shows how feeling in control and having choices at work ("Self-determination") can lead to greater satisfaction with one's career ("Career satisfaction"). One way this happens is directly, as shown by the arrow with the number .16. But it also happens because feeling self-determined makes work feel more important and valuable ("Meaningful work"). When work feels meaningful, it also leads to greater career satisfaction, as shown by the arrow with the number .59. So, feeling in control not only directly makes employees happier with their career, but it also does so indirectly by making their work feel more significant. The numbers next to the arrows tell us how strong these effects are. The effect of "Meaningful work" on "Career satisfaction" (.59) is much larger than the direct effect of "Self-determination" on "Career satisfaction" (.16). This means that the feeling of their work being meaningful has a bigger impact on their career satisfaction than just feeling in control at work alone. While both are important, the sense of purpose makes a stronger difference.

relatively highly on both self-determination and perceptions of meaningful work, which together contributed to their strong career satisfaction outcomes. Comparatively, when compensation was modelled as the mediator, the indirect effect was weaker. This suggests that while compensation does contribute to career satisfaction, meaningful work plays a more critical and compensatory role, reinforcing that employees' deeper connection to the purpose of their work has a stronger influence on their long-term fulfilment than financial rewards alone.

4.3 Implications for SMEs

For SMEs seeking to enhance employee career satisfaction and retention, these findings highlight the critical importance of investing in **meaningful work experiences**, not solely focusing on offering competitive compensation. While fair pay remains necessary to meet baseline needs (Herzberg, 1968; Deci & Ryan, 2000), it is the experience of meaningfulness in work that exerts a stronger and more lasting influence on career satisfaction.

Research consistently shows that **meaningful work**, where work is perceived as purposeful and significant, is a key predictor of motivation, engagement, and retention (Rosso et al., 2010; Allan, 2017). In contexts where SMEs may face limitations in offering high salaries compared to larger firms, emphasising meaningful work becomes an essential competitive advantage (Steger et al., 2012).

Moreover, **self-determination theory** posits that autonomy, competence, and relatedness are foundational psychological needs that, when satisfied, lead to higher well-being and intrinsic motivation (Deci & Ryan, 1985; Gagné & Deci, 2005). Our findings show that autonomy alone is insufficient unless it is connected to work that employees perceive as meaningful; echoing broader research that meaning amplifies the effects of autonomy on engagement (Sparks & Schenk, 2001).

Key Actions for SMEs

1. Encourage Job Crafting and Cultivate Flow at Work

Empower employees to shape and customise their roles to better align with their strengths, values, and interests (Wrzesniewski & Dutton, 2001). Job crafting has been linked to greater work engagement, resilience, and performance (Tims et al., 2013). Similarly, cultivating opportunities for employees to experience "flow" which is defined as a deep immersion and enjoyment in tasks can lead to heightened motivation and satisfaction (Csikszentmihalyi, 1990).

2. Connect Work to a Larger Purpose

Help employees understand how they individually contribute to overarching organisational goals and societal impact. Research shows that when employees perceive their work as contributing to a broader mission, they experience higher engagement, loyalty, and well-being (Grant, 2007; Bunderson & Thompson, 2009).

3. Foster Autonomy and Employee Voice

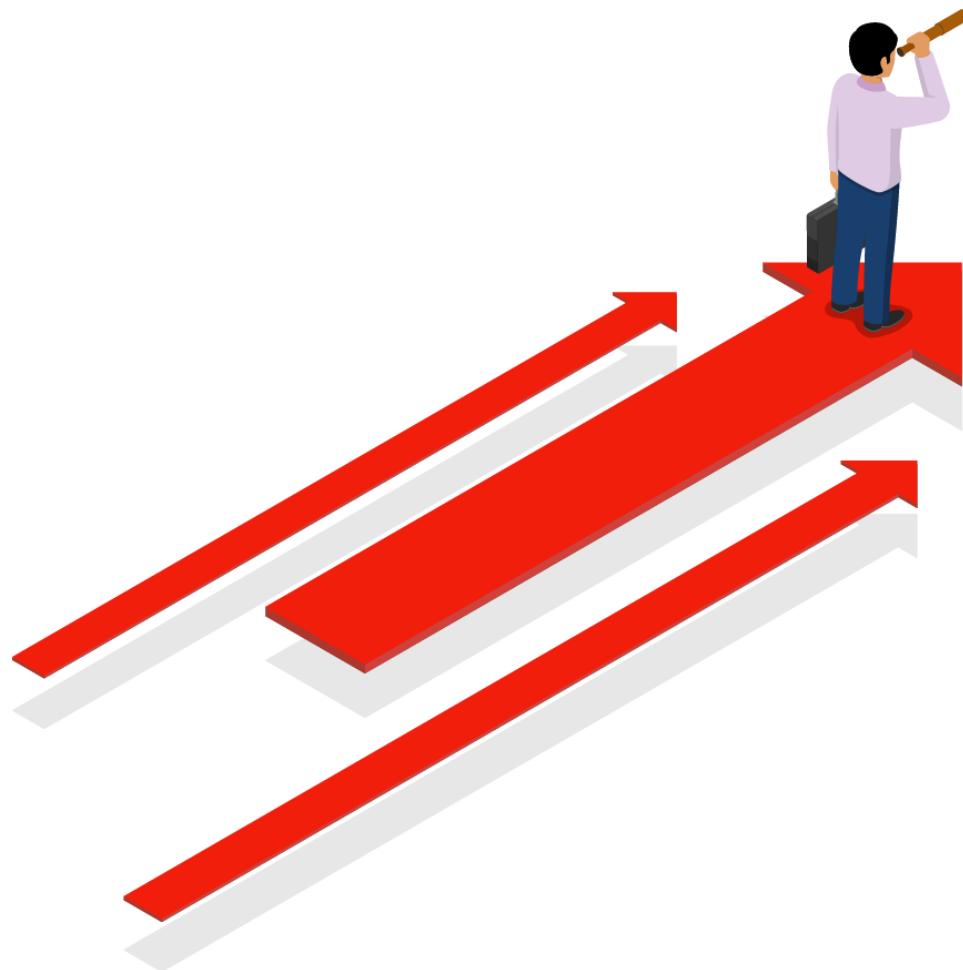
Involve employees in decisions that affect their work and recognise their contributions. Participation in decision-making enhances intrinsic motivation and strengthens the psychological contract between employee and employer (Gagné & Deci, 2005; Morrison, 2011).

4. Communicate Mission and Values Clearly

Reinforce the organisation's mission regularly and make explicit the connection between day-to-day work and broader organisational impact (Carton, 2018). When leaders articulate a compelling vision, employees are more likely to derive meaning from their work and align their efforts with company goals.

5. Support Career Development and Growth

Provide opportunities for continuous learning, skill development, and career progression. Evidence shows that career growth opportunities significantly enhance employees' perception of meaningfulness at work and are linked to greater satisfaction and retention (Kraimer et al., 2011).



Chapter 5: Talent Retention – The SME Growth “Empowerment” Model

5.1 Challenges of Talent Retention

The Retention Catalyst: Pull Factors

Understanding what drives employees to stay with a company is critical, especially for SMEs striving to grow in a competitive labour market. Our findings reveal important insights into the factors that influence employee retention, career aspirations, and how employment arrangements, such as contract work, might shape long-term commitment.

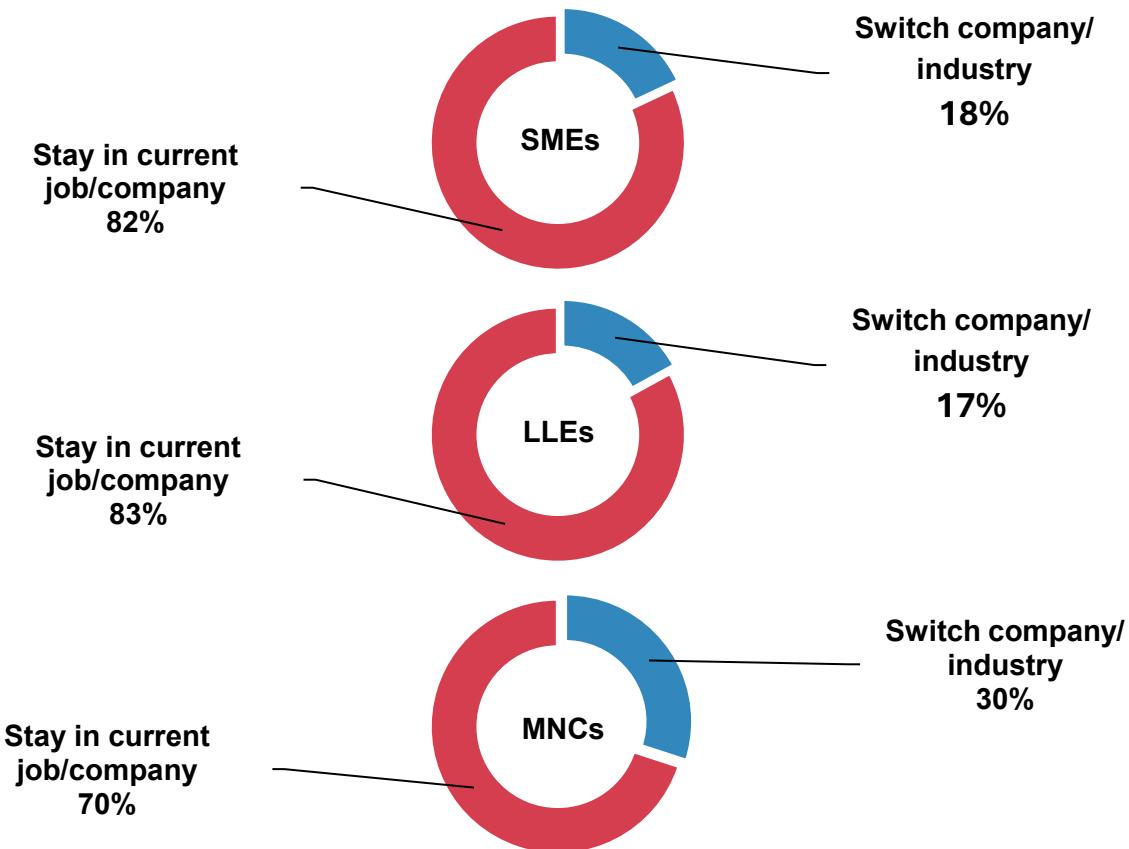
Career Aspiration and Intentions to Leave among SME Employees

Key Findings:

- ❖ **Higher Retention Intent in SMEs:** 82% of SME employees are likely to stay in current job/company over the next five years, suggesting broad workforce stability. Retention levels are comparable to those in LLEs, but SME stability is more contingent on wages and flexibility, making them potentially more vulnerable than LLEs.
- ❖ SMEs reported higher employee retention intent compared to MNCs; this may reflect the lack of mobility options for workers in SMEs rather than stronger SME performance.
- ❖ **Retention Anchored on Basic Pull Factors:** The top reasons for staying are wages (20%), work-life harmony (19%), and FWAs (19%). These are transactional pull factors, rather than deeper indicators of organisational commitment, suggesting that retention could be fragile if these levers are weakened.
- ❖ **Variation by Workforce Profile:** Employees' job-switching behaviour differs based on their skills and qualifications.

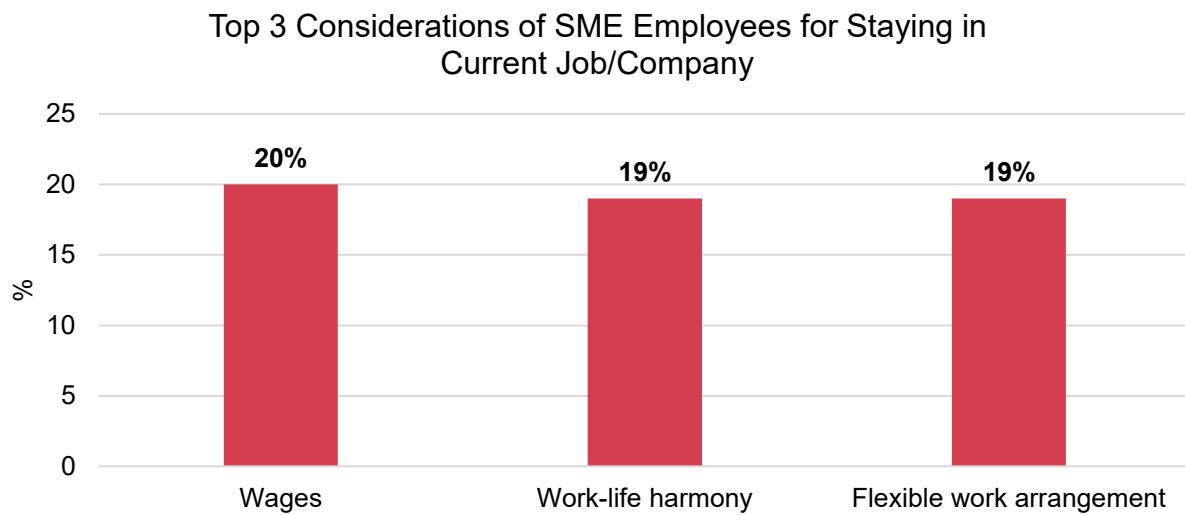


Figure 17. Career Aspirations of SME/LLE/MNC Employees



Source: E27. Which of the following best describes your ideal career path over the next 5 years?

Figure 18. Top 3 "Pull" Considerations for Staying in Current Job/Company by SME Employees



Source: E28. What are the considerations for your choice above? Pick your top 3 considerations.

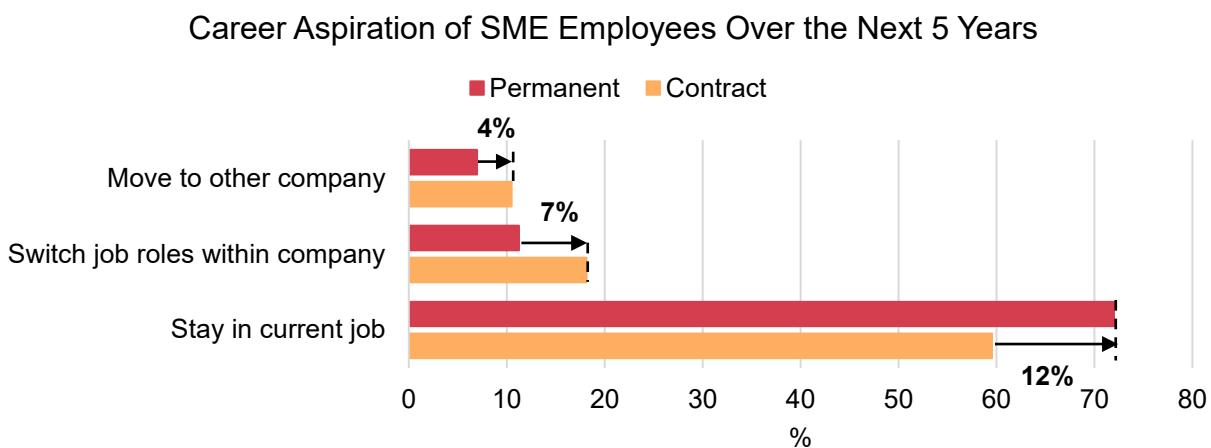
The Dilemma of Hiring Contract Employees

Some companies, including SMEs, make use of contract-based hiring arrangements for various reasons. This arrangement could be influenced by factors, including economic conditions, the need for flexibility, and access to specialised skills. However, hiring contract employees may present challenges related to talent retention.

Key Findings:

- ❖ **Permanent Employees More Inclined to Stay (12% higher than contract employees):** 72% of employees in permanent employment reported preference to stay in their current job role within the same company.
- ❖ **Contract Employees More Open to Move:** Employees on contract employment are more open to switching job roles within company (7% higher) or move to another company within the industry (4% higher) compared to permanent employees.

Figure 19. Career Aspirations of Permanent and Contract Employees¹²



Sources: E20. What best describes your employment status over the last 3 months? E27. Which of the following best describes your ideal career path over the next 5 years?



¹² Percentages of respondents who selected options of “leaving the labour force” or “others” are not included in the chart.

5.2 The SME Growth “Empowerment” Model

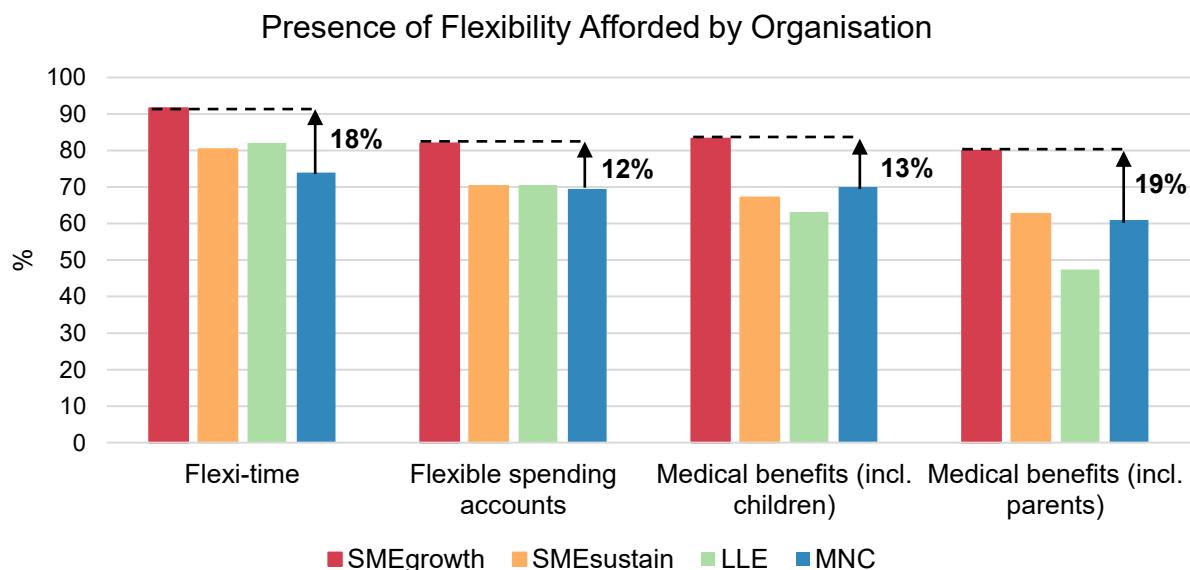
The Flexibility Landscape: Flexi-Time and Flexi-Benefit

There is a common perception that SMEs lag behind larger corporations in offering progressive workplace practices and benefits such as FWAs and employee benefits (Cheow, 2024). This notion often portrays SMEs as less attractive employers. Yet the data shows a more nuanced reality, especially for SME Growth companies.

Key Findings:

- ❖ **Flexi-Time Arrangements:** A higher proportion of SME Growth companies reported that they offer flexi-time arrangements (e.g. staggered working hours and compressed work week) compared to all the other archetypes. This is likely because their smaller size may make it easier to adopt flexibility in work arrangements quickly without the need to go through more extensive administrative processes in a larger firm.
- ❖ **Flexi-Benefits:** SME Growth companies are 12% more likely than MNCs to offer flexible spending accounts and 13% more likely to provide medical benefits for children. This suggests SMEs may strategically use non-wage benefits to attract and retain talent where they cannot compete on pay.
- ❖ **Family-Oriented Support:** SME Growth companies are also more likely to extend medical benefits to employees' parents. This may reflect closer employer–employee relationships or workforce demographics that make SMEs more attuned to the family needs of their employees.

Figure 20. The Flexibility Landscape: SMEs Take the Lead in Some Flex Areas



Source: M19a. To help employees balance work and family/home responsibilities, which of these options are offered at your company? Indicate Yes if the option is offered, and No if the option is not offered.

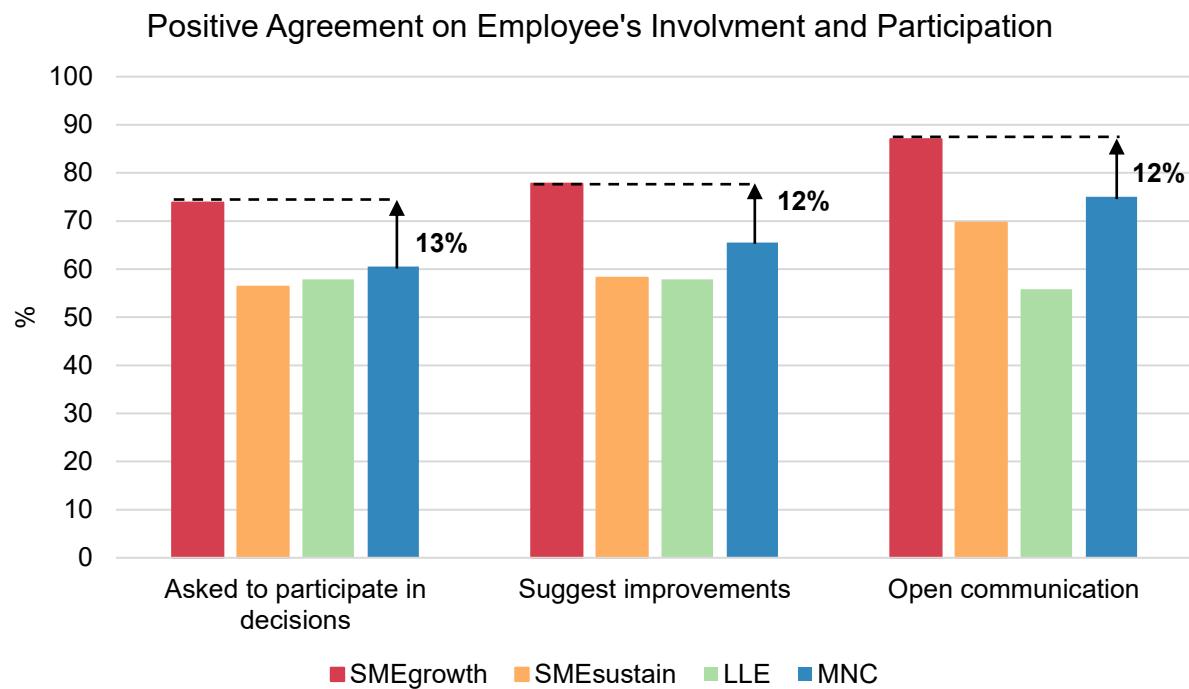
Employee Voice: Participatory Work Environment

In today's competitive business landscape, fostering employee involvement and participation is crucial for driving engagement, innovation, and organisational success. SME Growth companies, in particular, stand out in their commitment to creating a participatory work environment.

Key Findings:

- ❖ **Participation in Decisions (74%)**: Employees in SME Growth companies are more likely to be asked by their supervisors to participate in decisions that affect their work. This suggests flatter hierarchies and closer manager-employee relationships in SMEs, which may create more space for employee participation.
- ❖ **Suggesting Improvements (78%)**: SME Growth companies are more likely to provide employees with opportunities to suggest improvements to processes and practices. This indicates that these SMEs may leverage employee input as a practical way to drive continuous improvements.
- ❖ **Open Communication (87%)**: Broadly, SME Growth companies are likely to prioritising open communication between supervisors and employees. This could reflect the more direct, less bureaucratic communication channels within smaller firms, fostering strong trust and engagement.

Figure 21. Participatory Work Environment: SME Growth Companies Lead the Way



Source: M18. These questions refer to the employee involvement and decision-making in your company. Please indicate how much you agree with the following statements in reference to your current company.

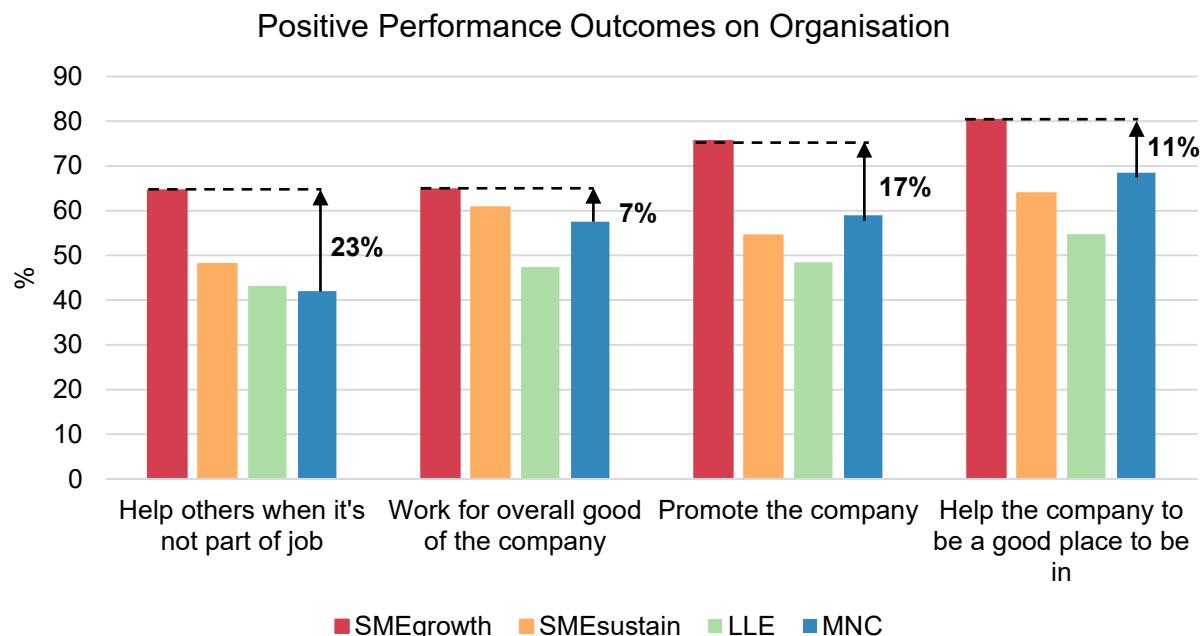
Going Above and Beyond: Fostering Organisational Citizenship

A hallmark of a thriving workplace environment is when employees go above and beyond what is formally required of them, demonstrating a genuine commitment to the organisation's success. This discretionary effort, often referred to as Organisational Citizenship Behaviour (OCB), can significantly impact a company's overall performance and culture. OCB encompasses a range of positive behaviours, such as helping colleagues, promoting the company, and contributing to a positive work environment. Our data revealed that SME Growth companies show greater confidence in their ability to cultivate a culture of contribution and engagement.

Key Findings:

- ❖ **Helping Others:** 65% of SME Growth companies reported that their employees are likely to go above and beyond to help others, even when it is not part of their job. This reflects how leaner teams may foster a stronger sense of commitment and team spirit.
- ❖ **Working for the Overall Good of the Company:** Employees in SME Growth companies are more motivated by the overall good of the company, indicating alignment between individual effort and organisational goals.
- ❖ **Promoting the Company:** Employees in SME Growth companies are more likely to actively promote the company to others, suggesting stronger identification with organisation's brand and purpose.
- ❖ **Creating a Positive Workplace:** Employees in SME Growth companies are more likely to contribute to creating a positive and supportive work environment. This could reflect the closer, community-like cultures in SMEs compared to larger, more bureaucratic firms.

Figure 22. Going Above and Beyond: SME Growth Companies Fostering Organisational Citizenship Behaviour



Source: M30. Rate the following based on your overall observations of your employees.

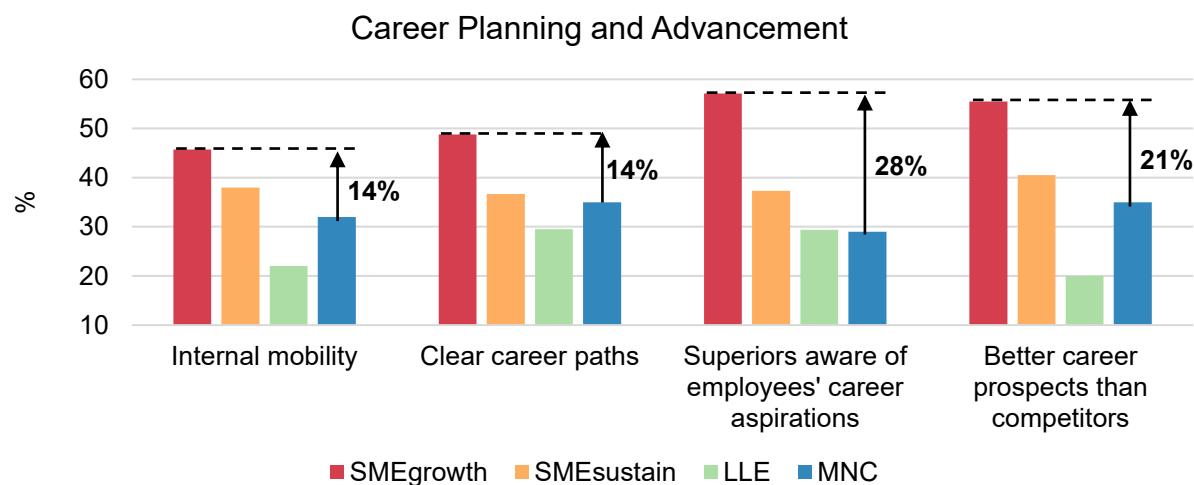
Internal Mobility: Driving Career Growth

There is a common belief that career progression is more structured and accessible in larger corporations due to their well-established hierarchies and formalised career pathways. Our data suggest that SMEs, particularly SME Growth companies, also recognise the need for structured career progression.

Key Findings:

- ❖ **Internal Mobility Drives Career Growth:** SME Growth companies lead in perceptions of internal hiring. 46% of them reported that their positions are filled internally, reflecting a focus on leveraging existing talents to fuel growth, whereas larger firms may rely more on external recruitment pipelines.
- ❖ **Clear Career Pathways:** Nearly 49% of SME Growth companies reported a perception that their employees have clearly defined career paths in their company, higher than other archetypes. This may reflect SMEs' stronger need to retain and motivate employees through visible progression opportunities, even if their structures are less formalised than larger firms.
- ❖ **Supervisors' Awareness of Employee Aspirations:** 57% of SME Growth companies reported that their supervisors are aware of employees' career aspirations, a higher rate than other archetypes. This likely reflects closer supervisor-supervisee relationships in SMEs, enabling more personalised career conversations that may be less common in larger firms.
- ❖ **Better Career Prospects Compared to Competitors:** SME Growth companies also lead in perceptions of career prospects. 56% reported that they have better opportunities than their industry competitors.
- ❖ **Overall Pattern:** SME Growth companies demonstrated the highest scores for perceptions of structured career advancement, talent retention, and employee engagement. This indicates that SMEs with more positive perceptions of their business trajectory are associated with a greater recognition of the need for internal promotion pathways, transparency in career progression, and career planning discussions.

Figure 23. SMEs Leading the Way in Career Planning and Advancement



Source: M28. Please tell us more about the career planning and advancement opportunities provided in your company using the provided scale.

SMEs as Drivers of Employee Career Development

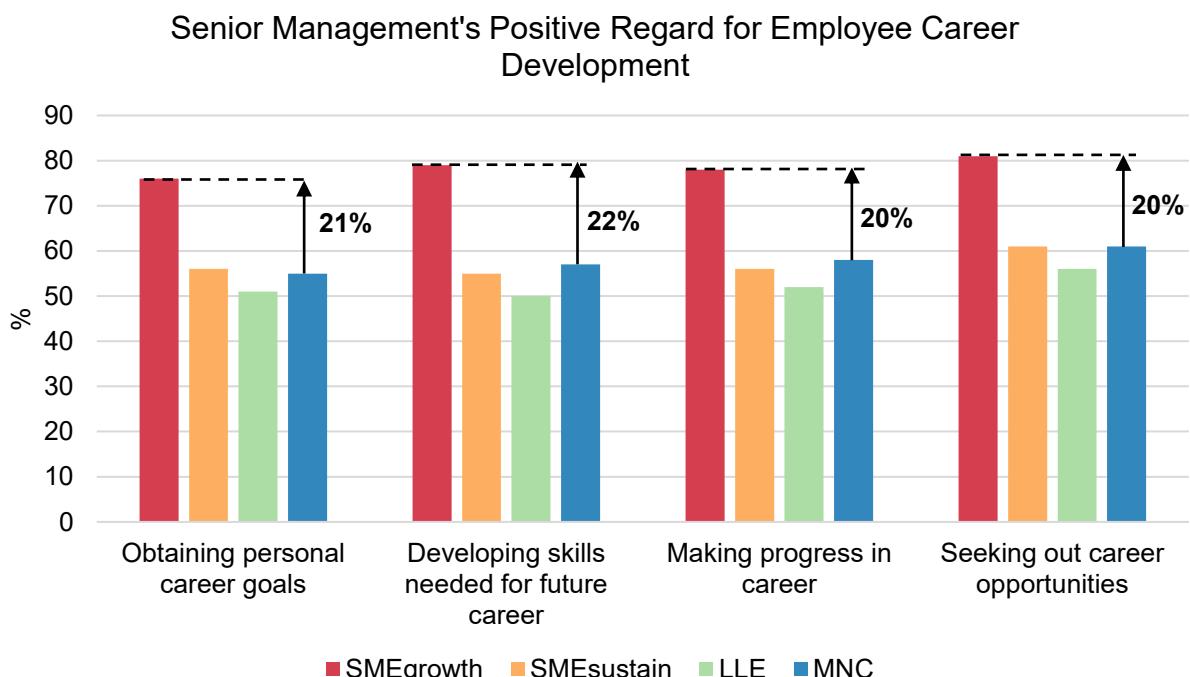
Career development is often associated with large corporations that have extensive training programmes and structured growth paths. Our data reveal that SMEs, particularly SME Growth companies, recognise the importance of, and are confident in, their capabilities to foster career development and skill-building.

Key Findings:

- ❖ **Career Development:** 76% of employers in SME Growth companies reported high regard for employees pursuing personal career development, as compared to other archetypes. This indicates that SME Growth companies are signalling commitment to employees' individual development journeys.
- ❖ **Focus on Future Skills Development:** Similarly, 79% of employers in SME Growth companies rated opportunities for employees' skill development highly, as compared to other organisations. This reflects a growth mindset where firms recognise that equipping employees with new capabilities is integral to sustaining competitiveness.
- ❖ **Perception of Career Progression:** 78% of SME Growth employers indicated that their employees are making career progress, reflecting a supportive internal mobility culture.
- ❖ **Encouragement for Internal Mobility:** 81% of SME Growth employers felt that their companies encouraged employees to seek career opportunities internally. This suggests a deliberate effort to build retention through internal mobility, leveraging the smaller firm size to create clearer and more personalised opportunities for advancement.

"We have a mentoring programme and regularly hold internal career workshops to guide employees through career development options within the company." (Founder, Food Manufacturing)

Figure 24. SMEs as Drivers of Employee Career Development



Source: M30. Rate the following based on your overall observations of your employees.

5.3 Implications for SMEs

Given that most SME employees intend to stay in their current organisation, SMEs' ability to develop and engage this workforce becomes a critical differentiator. However, our findings suggest this potential is uneven: SME Growth companies show strong confidence in fostering advancement and contributions, while other SME companies may lack the capability to do so. The findings highlight how SMEs with more positive perceptions of business trajectory are more likely to indicate greater emphasis and confidence in fostering career progression, skill development, and internal mobility, via five key areas:

1. Commitment to Internal Hiring and Career Advancement

SMEs, particularly SME Growth companies, demonstrate a strong commitment to promoting internal talent and offering structured career paths. This can be an advantage in attracting and retaining top talent vis-à-vis larger firms, who are more likely to compete for external hires (Gomez-Mejia et al., 2016). By focusing on internal mobility, SMEs can foster a sense of loyalty and career growth among employees, which enhances job satisfaction and employee retention. This translates to:

- Offering employees clear career advancement opportunities
- Providing well-defined career pathways that enhance transparency in career progression
- Cultivating a culture where supervisors actively engage in career conversations with employees, encouraging them to set and achieve career goals

2. Fostering a Culture of Career Development and Internal Mobility

SME Growth companies display a clear recognition of the need to provide employees with opportunities to develop their skills and advance their careers. This is less evident in other SME archetypes, which may lack formal HR structures or resources to sustain such practices. While SMEs excel in personalised support (e.g. mentoring), large firms often provide more systematic programmes. The SME advantage is therefore one of closeness and agility rather than scale. The emphasis on training, development, and internal mobility in these organisations ensures that employees feel they are making progress, leading to greater satisfaction and retention (Armstrong & Taylor, 2014). SMEs can leverage this advantage by:

- Investing in targeted training and development programmes that align with employees' career goals and future skill needs
- Actively encouraging employees to seek career opportunities within the organisation, fostering a culture of internal mobility
- Offering personalised career development support, such as mentorship programmes, to help employees navigate their career paths

By prioritising career mobility, structured career paths, and skill development, SMEs can create an environment where employees feel empowered and supported in their career journeys. This not only strengthens talent retention and employee engagement but also positions SMEs as competitive employers that foster long-term career growth and success. These advantages will not only enhance the individual development of employees but also contribute to the overall performance and growth of the organisation.

3. Flexibility as a Competitive Advantage

SMEs, due to their smaller size and agility, are often better positioned to offer flexibility than larger firms. They can adapt more quickly to changing employee needs and preferences and may have less bureaucracy to navigate when implementing new policies or practices (Cardon & Stevens, 2004). However, this advantage is typically case-by-case and relationship-driven; financial and operational constraints may limit SMEs' ability to sustain FWAs systematically compared to larger firms with formalised policies and established structures. This could translate to:

- Offering a variety of FWAs, such as flexi-time, flexi-place, and flexi-load
- Providing flexible benefits, such as flexible spending accounts
- Creating a culture that supports work-life harmony and values employee well-being

4. The Power of Employee Voice

In smaller organisations, employees often have more direct access to decision-makers and greater opportunities to share their ideas and concerns. This can foster a sense of ownership and empowerment, leading to increased engagement and motivation (Govindarajan & Gupta, 2001). However, this potential depends heavily on leadership style. Some SME founders centralise decision-making, which can dampen employee voice despite the firm's small size. Nevertheless, SMEs can leverage this advantage by:

- Implementing regular employee surveys and feedback mechanisms
- Creating opportunities for employees to participate in decision-making, such as through employee councils or suggestion boxes
- Fostering a culture of transparency and open communication, where employees feel comfortable sharing their ideas and concerns (Morrison & Milliken, 2000)

5. Building a Culture of Contribution and OCB

SMEs often have a stronger sense of community and shared purpose than larger organisations, which can foster a culture of OCB. Employees in SMEs may feel more connected to the organisation's mission and values and may be more likely to go above and beyond to contribute to its success. SMEs can further cultivate OCB by:

- Investing in leadership development programmes that focus on building trust, empathy, and communication skills
- Communicating the organisation's vision, values, and goals to employees with a focus on openness and clarity
- Implementing recognition and rewards programmes that celebrate employee contributions and achievements, including acts of OCB (Podsakoff et al., 2009)
- Creating a supportive and inclusive work environment where employees feel valued and respected, which can foster OCB (Organ, 1988)

By leveraging their unique advantages in these five key areas, SMEs can create a workplace where employees feel engaged, empowered, and committed to contributing to the company's success. This can lead to improved productivity, innovation, and overall organisational performance.

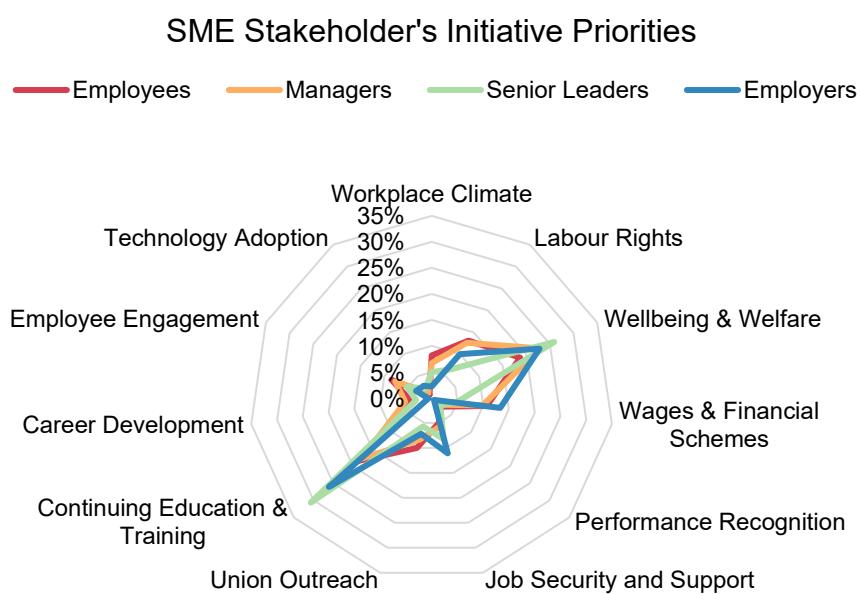
Chapter 6: Creating Value in Singapore's SME Ecosystem – Key Recommendations

Support SMEs Value

This chapter focuses on recommendations and suggestions to bolster Singapore's SME workforce, building upon **key initiatives** proposed by 2,123 SME respondents consisting of **Employees, Managers, Senior Leaders, and Employers**. We asked them a simple, open-ended question: **What one new initiative do you believe the Labour Movement (i.e. NTUC and associated unions/associations) should prioritise to better support employees and enhance its value?**

The chart below shows categories of convergence of key initiatives proposed by these stakeholders. Their convergence represents a shared vision and provides a foundation for developing effective and sustainable solutions. One of the top categories that emerged from the suggestions centred around Continuing Education and Training (CET), which aligned with the upskilling needs of the SME workforce identified in earlier sections. The other top category of suggestions on Well-being and Welfare also dovetailed with key challenges identified in earlier sections.

Figure 25. Initiatives Proposed to Support the SME Workforce



Employees: Professional, Associate Professionals and Technicians, Clerical Support Workers, Service and Sales Workers, Craftsmen and Related Trades Workers, Plant and Machine Operators and Assemblers, Cleaners, Labourers, and Related Workers

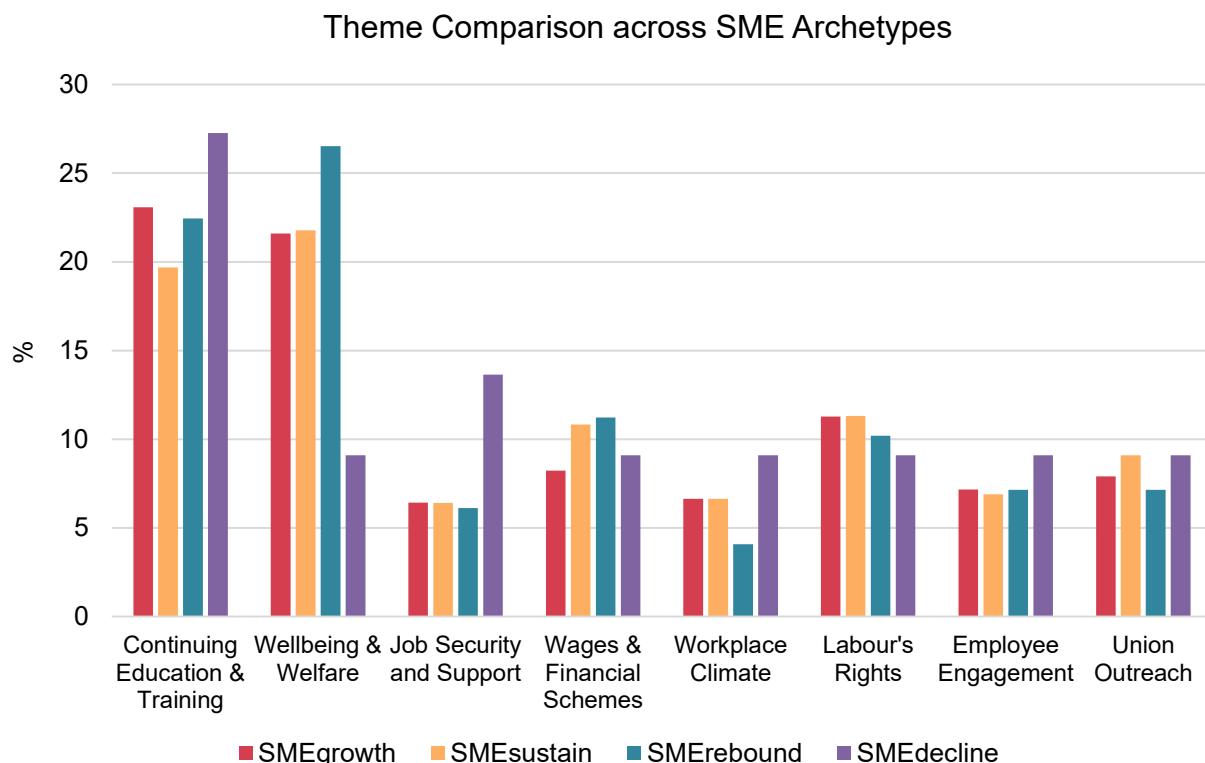
Managers: Legislators, Senior Officials, and Managers

Senior Leaders: C-level Managers

Employers: Chief Executive Officer, Company Owner / Founder / Partner

We also analysed the stakeholders' insights through the lens of SME archetypes including SME Rebound and SME Decline.¹³ The result is generally consistent with the challenges identified earlier and how these challenges have similar weightages and distributions across the archetypes, except for job security and well-being for SME Decline companies. Given that SME Decline companies are struggling and in a period of decline, well-being is not their most pressing concern.

Figure 26. Analysis of Commonly Occurring Themes Across all 4 SME Archetypes



¹³ As the qualitative question was asked in both the Managerial and Employee Survey, the combination of data allowed us to segment the Rebound and Decline archetypes.

The Rebound and the Decline – Reinventing Through Employee Development

Insights from both rebounding and declining SMEs reveal a shared understanding: the path to recovery and resilience lies in investing in people. For SME Rebound companies, this investment is viewed as developing talent, strengthening workforce capabilities, and building inclusive, supportive work environments. For the SME Decline companies, the urgency is even more pronounced, with employees calling for tangible action to address vulnerabilities and bridge skills gaps.

A central theme across both rebound and decline contexts is the critical importance of skills development. Whether through comprehensive digital skills programmes, OJT, or up-to-date cross-industry training, employees express a strong desire for practical and continuous learning. Suggestions such as establishing personalised promotion paths, offering financial grants for training, and making upskilling mandatory reflect a shared aspiration to future-proof the workforce. There is also growing recognition of the need for accessible learning platforms and inclusive retraining opportunities particularly for older workers, low-income earners, and PMETs.

Equally vital is the call for structured career support. Proposals for career mentoring, job matching services, and strategic advice signal the need to guide employees through uncertain transitions, while calls to build fair promotion systems and skills certification frameworks highlight the demand for transparency and merit-based progression. These efforts not only enhance individual growth but also contribute to the overall agility and competitiveness of the business.

Beyond skill-building, employees emphasise the need for stronger communication and participation within organisations. Calls for open dialogue, regular feedback channels, mentorship programmes, and employee involvement in decision-making reflect a desire to foster a sense of ownership and belonging. In both recovering and struggling firms, empowering employees to have a voice in shaping their workplace culture can significantly boost morale, engagement, and trust.

Compensation, well-being, and job security also feature prominently. Workers seek fair wages, performance-based rewards, transparent salary systems, and FWAs. The desire for better retrenchment support, mental health resources, senior care, and team-building activities reflects an understanding that true workforce empowerment must encompass both economic stability and holistic well-being. Fairness and inclusion across race, role, and age emerge as non-negotiable principles for building a sustainable and united workforce.

In sum, whether bouncing back or fighting to survive, SMEs must recognise that their recovery and long-term success are deeply tied to how they treat, train, and trust their employees.

Key Recommendations

Building on the insights throughout this report, relevant stakeholders could consider exploring the following:

1A. Developing Integrated Upskilling Strategies Through Training and Structured Career Development Plans

SMEs could benefit from integrated upskilling strategies that potentially include training and structured career development plans that would benefit both SME workers and employers. For example, a potential framework that SMEs could use is set out as follows:

Training Needs Assessment	<p>Identify the SME's short-term and long-term business objectives.</p> <p>Identify the skills and competencies required to achieve these goals, including the technology or original equipment manufacturer (OEM) training.</p> <p>Assess the current skills and competencies within the organisation and identify any gaps that need to be addressed, including any technology or OEM training.</p> <p>Consider industry trends, technology, and machinery, and corresponding potential future skill requirements.</p>
Individual Aspirations	<p>Conduct individual discussions or surveys to understand employees' career aspirations, interests, and long-term ambitions.</p> <p>Identify employees' existing skills, strengths, and areas for improvement through self-assessment or performance reviews.</p>
Career Development Plan	<p>Create a simple structured template to document a personalised development path that fits into an overarching career plan with a job and skills ladder. This should include:</p> <p>Individual Development Plan and Review</p> <ul style="list-style-type: none">• Employee Name and Role• Competency Reviews with Ratings Supported by Behavioural Indicators• Development of SMART Goals (Specific, Measurable, Achievable, Relevant, and Time-bound)• Preparation of an Individual Development Plan with Relevant Development Activities• Specific actions the employee will take to achieve their goals (see below).<ul style="list-style-type: none">➢ Timelines: Realistic deadlines for each activity➢ Resources Required: Support, tools, or budget➢ Success Metrics: How progress will be measured➢ Review Dates: Schedule for regular check-ins and progress reviews (e.g. mid-year, year-end)➢ Reflective Practice: Reflections on the activities, as well as developmental coaching from the supervisor

	<p>Overarching Career Development Plan</p> <ul style="list-style-type: none"> • Current Workforce Analysis • Key Job Functions, Departments, and Skills Families (along with the identified training needs analysis) • Training and Development Roadmaps and Frameworks <ul style="list-style-type: none"> ➢ By Job Group, Training Programme, Skills Acquisition, Timelines, and Career Progression (a career ladder tied to skills obtained)
<p>Development Activities</p>	<p>This could include:</p> <ul style="list-style-type: none"> • Leveraging NTUC's LHUB Learning eXperience Platform (LXP) app to augment training • OJT: Cross-training, shadowing, and taking on new responsibilities within the current role • Mentorship/Coaching: Pairing employees with experienced internal or external mentors or career coaches • Internal Workshops & Training: Leveraging existing expertise within the company to conduct training sessions • External Courses & Workshops: Subsidising or sponsoring participation in relevant external programmes (consider online options for cost-effectiveness) • Conferences & Industry Events: Attending industry events for networking and knowledge acquisition • Project Involvement: Assigning employees to projects that allow them to develop new skills • Job Rotation: Moving employees to different roles for a period to broaden their experiences • Self-Study Resources: Providing access to online learning platforms, books, or articles • Professional Certifications: Supporting employees in pursuing relevant certifications • Stretch Assignments: Providing challenging tasks that push employees outside their comfort zone

1B. Pooling Together Shared Support Measures to Help SMEs Develop and Upskill Their Workforce

SME Growth companies show greater awareness of training programme gaps and benefits. Positive attitudes towards training in SMEs also correlate with developing problem-solving skills, increased productivity, improved motivation, and relevance to redesigned job roles. While SMEs show strong awareness of their learning needs and support continuous learning, they are hindered by limited resources.

- **Share a Common Learning Management System** for administrative, tracking, reporting, and delivery of targeted online training and milestone development programmes, to reduce cost burden of formal training. Courses should be curated and tailored to industry and specific job roles (e.g. new joiner, manager, HR, Finance) ensuring relevant courses for employers. Course completion should be reflected in employee performance appraisal metrics as part of their development training. Opportunities for NTUC's LHUB, including LXP for on-the-go learning.

- **Create a Pool of Job Redesign Coaches** equipped with knowledge on industry best practices that can be requested by employers for customised support in implementing training. A coach could spend one day with an employer hearing their workforce development challenges, observing processes, and suggesting improvements (e.g. how best to structure OJT for a particular company's workers). This is an opportunity for NTUC JSC (e.g. NTUC's e2i, Industry Training and Transformation [IT&T], LHUB) or WSG's pre-approved job redesign consultants to offer Job Redesign Coaches to support SMEs for projects or solutioning for a fee, with wrap-around services like training or OTR. There is also potential to partner with National Centre of Excellence for Workplace Learning (NACE). NACE can provide input on workplace elements to support the job redesign initiatives.
- **Accelerate Structured OJT.** Informal learning accounts for a significant portion of how employees acquire knowledge and skills in the workplace. As SME Growth companies show the highest level of support for informal learning and OJT during manpower shortages, NTUC JSC could work with relevant partners, such as NACE, to engage employers to further accelerate structured OJT and workplace learning that does not require employees to take time off from work. NTUC JSC could also encourage greater adoption of CCPs for new employees and adapt the concept of structured OJT from CCPs for in-employment employees. To strengthen relevance and offset resource costs, this could be piloted with selected NTUC CTC SME companies, where workers' representatives could oversee the scheme, complemented with government funding and scale up if successful. Structured OJT should be customised based on individual industry job tasks and encompass hands-on experimentation, observation of expert workers, and peer/senior supervision and feedback.
- **Develop Partnerships with Contingent Staffing Agencies.** Contingent staffing agencies could help provide interim manpower to SMEs during staff absences due to training. This will help SMEs fill temporary vacancies and reduce their opportunity cost of sending employees for training.
- **Prioritise Flexible, Modular, and Affordable Learning Opportunities** that emphasise relevant, practical skills such as problem-solving, decision-making, and job role adaptation. Develop or adapt online learning platforms and training courses adaptable to SMEs' operational constraints, and SMEs could tap into available grants, subsidies, or low-cost training initiatives.
- **Ensure Training is Relevant and Accessible to All Employees.** Implement mentorship programmes and internal career workshops to guide employees through career development options.

1C. Increasing Awareness of Existing Suite of Training Programmes and Services Provided by NTUC and the Government

Most SME employers might be unaware of the programmes and services provided by NTUC and the Government. For example, only 29% of SME employers are aware of the NTUC CTC Grant, one of the most prominent and generous grants available for SMEs that provides support of up to 70% of qualifying costs for each transformation project. As another example, SME employers may not be aware of CCPs administered by NTUC's e2i and WSG, or SSG-supported training courses, which could support SMEs' recruitment needs. With greater awareness, SMEs and concomitantly their workers could have benefitted more from the various schemes available.

To address this, the following could be explored:

- **Managers Should be Made More Accountable for Their Subordinates' Training and Ongoing Learning.** Good management helps to motivate and identify training that can help or advance employee careers. It should not only be about individual proactivity to seek training or upgrading.
- **Relevant Agencies and Organisations, Including TACs, Could Conduct Targeted Outreach Programmes.** Government and industry initiatives need to recognise the heterogeneity of SMEs and provide targeted support based on their size, stage of development, and industry. Awareness and utilisation of labour union resources and services among SMEs could be increased and the benefits of training communicated. TACs and unions could be empowered to reach out to SMEs and promote career development among employees and improve access to career guidance and mentorship opportunities.
- **Leverage Various Platforms to Reach Out to SMEs and their Workers.** For example, SSG's engagement efforts include leveraging digital platforms and personalised communication to reach out to employees and raise awareness of available training programmes. As another example, WSG and NTUC's e2i promote various opportunities like CCPs or the NTUC CTC Grant through various channels, including career fairs, industry talks, and online platforms, and provide career coaching to individuals, including SME workers, seeking to upskill or reskill.
- **Study the Potential to Develop Retention/Commitment Clauses** to incentivise employees to remain with the SME for a specific period of time after their training.



2A. Designing Meaningful Work and Job Crafting to Enhance Career Satisfaction and Retention Beyond Monetary Incentives

Empowering individuals in their professional journeys transcends mere financial rewards. True career satisfaction blossoms from meaningful work that resonates with personal values and provides a sense of purpose. This intrinsic motivation is further fuelled by opportunities for growth, encompassing skill development, expanded responsibilities, and clear pathways for advancement. By prioritising these elements, organisations can cultivate a workforce deeply engaged and satisfied, fostering a sense of fulfilment that extends far beyond monetary incentives.

Instead of solely focusing on wage as the primary driver of job satisfaction, SMEs can cultivate a work environment where employees find deep satisfaction in the meaning and impact of their contributions. SMEs can further strengthen their employees' sense of purpose, growth, and connection to significantly enhance overall job fulfilment and retention.

SMEs can prioritise the crafting of roles that offer opportunities for skill development, career progression, and a clear understanding of how individual contributions impact the broader organisational goals and even society.

- **Redesigning Jobs and the Crafting of Roles:** Looking ahead to CTC 2.0, NTUC could consider encouraging the expansion of CTCs to more and larger SMEs and tap into NTUC CTC Grant to redesign jobs to enable workers to perform higher-level (less menial) roles, fostering a more meaningful and purposeful career.
 - This could involve tapping into the Tripartite Queen Bee collaboration between SSG and NTUC that aims to multiply CTC adoption among SMEs and foster a tighter nexus between business and workforce transformation.
 - Redesigned roles could align better with employees' strengths, interests, and career aspirations (i.e. job crafting).
 - CTCs could incorporate FWAs such as job sharing, greater flexibility in work schedules, giving employees more autonomy and control over their time.
- **Milestone Courses Tailored to Workers' Roles:** SMEs could partner with LHUB to curate and conduct milestone courses tailored to workers' roles, as part of a structured career progression roadmap. This in turn enhances workers' skills and productivity to take on higher-value tasks and potential promotions, fostering a sense of progress and value.
 - Milestone courses could include a common foundation course for all employees. E.g. Uniqlo's training for new employees.
 - Higher-level courses could equip selected employees with skills necessary to take up managerial roles.

Manufacturing SME Example: Instead of solely focusing on hourly wages for production employees, SME can invest in training in advanced manufacturing techniques, quality control methodologies, or digital literacy. This not only enhances their skills and productivity but also opens doors to higher-value tasks and potential promotions, fostering a sense of progress and value beyond their immediate wage.

Retail SME Example: Beyond basic sales training, employees can be offered training in specialised product knowledge, customer relationship management, or even basic data analysis for sales trends. This elevates their role from

transactional to consultative, increasing their sense of expertise and contribution to the store's success.

Logistics SME Example: Rather than solely focusing on delivery quotas, SMEs can partner with career services to provide drivers and warehouse staff with mentorship, skills assessments, and guidance on potential career paths within the logistics sector, such as dispatching, team leading, or specialised handling. This instils hope and a sense of direction beyond their current role.

- **Leverage TACs:** Beyond NTUC's network and resources, SMEs could also tap into TACs like ASME to improve access to relevant resources (e.g. business advisers) and use resources to enhance employee satisfaction and retention.
- **Recognising and Leveraging Internal Expertise Through Peer Training:** SMEs can actively identify and empower capable employees to serve as peer trainers in their areas of expertise. This not only disseminates valuable knowledge but also cultivates leadership skills and strengthens workplace bonds.

Construction SME Example: Instead of solely relying on external trainers, experienced tradesmen can be recognised and trained to mentor newer colleagues in specific skills. This acknowledges their expertise, fosters a sense of responsibility and leadership, and potentially positions them for future supervisory roles, offering recognition beyond their current wage.

Healthcare SME Example: Senior nurses or medical assistants can be empowered to train junior staff in specific procedures or patient care protocols. This not only improves the quality of care but also elevates the senior staff's role, fostering a sense of leadership and contribution that extends beyond their direct patient care duties.

- **Enhancing Ownership Through Connecting Work to Purpose:** SMEs can foster a deeper sense of meaning in work by clearly linking individual roles to the organisation's broader mission and impact. At the same time, employees can be given genuine opportunities to participate in shaping how work is done through idea-sharing and decision-making. This dual strategy enhances engagement, ownership, and purpose.

Construction SME Example: Site workers can be regularly briefed on how their projects contribute to broader community development goals (e.g. housing access, sustainability). Foremen and crew leaders can also invite workers to suggest workflow improvements or safety measures. This fosters a sense of pride in the broader impact of their work while empowering employees to influence how it is carried out.

- **Strategically Addressing Wage Challenges:** While prioritising meaningful work, SMEs need to continue to address wage challenges through mechanisms like the PWM and explore supplementary strategies. The enhanced job satisfaction derived from meaningful work and growth opportunities can, in turn, contribute to greater employee retention and productivity, potentially creating a more sustainable economic model for both employees and employers.

2B. Strengthening the Value Proposition of NTUC Membership for SME Employees

NTUC could also consider strengthening the value proposition of NTUC membership for SME employees by expanding relevant welfare benefits and ensuring easy access to existing support and advisory services. This can contribute to increased membership uptake and greater satisfaction among SME employees. Some points to consider include:

- **NTUC Membership as Welfare Package:** As part of employee welfare benefits, more SMEs could consider facilitating NTUC memberships for their staff. Employees can potentially enjoy benefits such as saving on daily essentials, member discounts on recreational activities, support for their family, developing their career and upskilling with training subsidies for courses, and getting workplace protection and support.
- **Hospitalisation Insurance:** Currently, an NTUC membership comes with the NTUC GIFT group life insurance. NTUC can consider offering a hospitalisation insurance as well, potentially through a partnership with Income, in response to demand from SME employees. This addresses a significant welfare concern for employees.

By focusing on creating meaningful work, investing in employee development, recognising internal expertise, and offering valuable non-financial benefits, SMEs can cultivate a more engaged and satisfied workforce. In such an environment, individuals feel valued for their contributions, see clear pathways for growth, and appreciate the overall support provided, complementing and reinforcing the important work of ensuring fair wages.



3. Cultivating a “Growing Together” Mindset for Both Employees and Employers by Strengthening HR Support

The insights presented in this report show that SME Growth companies are more likely to report higher scores for employee engagement. This indicates that SMEs which perceive themselves as rapidly expanding and have a positive business outlook are associated with a greater willingness and perceived ability to implement systems and frameworks to bolster these areas. Measures to uplift human capital development capabilities and improve HR support can help the broader population of SMEs similarly elevate their career development and employee engagement capabilities. Some suggestions could be the following:

- **Develop Human Capital Development Capabilities and Improve HR Support:** NTUC could explore partnering with relevant agencies to develop human capital development capabilities and improve HR support to facilitate employee engagement, learning motivation, and career development in SMEs.¹⁴
 - Promote basic HR and organisational development (OD) certifications among SMEs to establish foundational HR and OD capabilities to better support their workforce.
 - Strengthen HR capacities by providing tools and support for HR tech adoption, as well as increasing HR professionals’ access to advisory and consultancy services.
- **Explore Creating or Enhancing a Diagnostic Tool, Similar to Existing IHRP’s Human Capital Diagnostic Tool (HCDT):** The tool could be useful for NTUC and the government to identify and classify SME companies according to the four archetypes, and facilitate the targeted delivery of OD support initiatives for different segments of SMEs and their employees.
- **Develop and Promote Resources for SME Employer-Employee Engagement:** Create accessible resources, workshops, and training programmes that specifically guide SMEs on implementing career development frameworks, participatory work environments, and strategies for fostering organisational citizenship for employees, as well as nurturing a shared growth mindset for employers.
- **Incentivise Investment in Employee Development:** Consider offering grants, tax breaks, or recognition programmes for SMEs that demonstrate a commitment to employee training, career progression, and development of human capital.
- **Facilitate Knowledge Sharing and Best Practices:** Create platforms for SMEs to learn from each other and also from larger organisations about successful employee engagement strategies. Highlight case studies and success stories.

Ultimately, a “**growing together**” mindset benefits both employees and employers. When workers see their personal growth tied to the company’s success, they become more engaged, innovative, and loyal. In turn, businesses that invest in their people reap the rewards of higher productivity, retention, and adaptability. By implementing these strategies, SMEs can transform into thriving ecosystems where success is a collective achievement.

¹⁴ Examples of relevant partner agencies include IHRP providing input on HR capacity-building and pushing for Skills-First practices to better recognise and reward skills.

Chapter 7: Conclusion

This report affirms Singapore's SMEs' vital role and charts an aspirational future. By embracing their inherent strengths, it envisions a dynamic ecosystem where SMEs thrive as hubs of innovation, employee engagement, and sustainable growth.

The journey forward involves a strategic shift towards tailored support, recognising the diverse archetypes within the SME landscape: SME Growth, SME Sustain, SME Rebound, and SME Decline. Key findings suggest that SME Growth companies have progressive practices and can share insights regarding upskilling employees, fostering meaningful work, and emphasising shared growth with a wider SME ecosystem.

In addition, several key actions could be explored:

- **Skills Development:** Pool shared support to help SMEs develop and upskill their workforce
 - Develop a shared Learning Management System
 - Create pool of JR Consultants and pre-scoped solutions funded by WSG's PSG-JR
 - Facilitate partnerships with contingent staffing agencies for interim manpower support
 - NTUC JSC could accelerate Structured OJT in SME companies that have CTCs (e.g. by tapping into WSG's CCPs, which supports OJT for existing and new employees)
- **Meaningful Work:** Enhance employee career satisfaction and retention by designing more meaningful work (focus on non-financial motivations)
 - Expand CTCs in more and larger SMEs to uplift workforce development practices, including tapping into SSG-NTUC Tripartite Queen Bee collaboration that aims to multiply CTC adoption among SMEs
 - Leverage upcoming, expanded range of JR support (e.g. JR capability-building, tools, advisory) under WSG's EWTP
 - Partner training providers like LHUB to offer milestone courses, aligning with career progression
 - Beyond NTUC, SMEs could also tap on TACs' resources (e.g. ASME and SME centres)
- **Empowerment:** Strengthen HR support and adopt more progressive HR practices that will help SME workers grow together with the company
 - Develop human capital development capabilities and improve HR support
 - Leverage SME's flexibility as a competitive advantage

Ultimately, the vision is one where Singapore SMEs are not only resilient but also progressive, leading in progressive workplace practices, empowering their employees, and driving sustainable success. This future requires a commitment to continuous improvement, a focus on employee well-being, and a shared vision of prosperity for all stakeholders. With these elements in place, Singapore's SME workforce can become a beacon of innovation and a source of national pride.

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Appendices

Note on Survey Design, Data Collection, Coding, and Analysis

The survey was developed jointly with NTUC, MOM, and NTU, and informed by a review of literature to identify relevant validated scales for this study.

Data for this study were collected through surveys designed in Qualtrics and distributed via the online survey recruitment vendors to employees and employers¹⁵ respectively from SMEs, MNCs, and LLEs in Singapore. Initially, a pilot survey was conducted to evaluate the quality of the study design and the data collected.

Screening criteria included voluntary withdrawal from the survey, failure to pass either of two attention checks, or failing the age or employment status criteria. The survey required an average of 15 to 20 minutes to complete. To ensure data quality, participants who completed the survey in less than one-third of the average completion time were flagged as speeders, as their responses were deemed likely to have been selected randomly rather than thoughtfully. Of the completed surveys, two respondents were flagged as speeders.

Another quality control measure involved identifying "straightlining," defined as providing identical responses across multiple Likert matrix tables without regard to the content. A respondent was flagged as a straightliner if they straightlined at least three Likert matrix tables and did so for 80% or more of the tables in the survey. Among the valid, non-speeding responses, five respondents were flagged as straightliners. After excluding incomplete, invalid, and low-quality responses, we had 2,000 valid responses for the Employee Survey and 1,007 valid responses for the Managerial Survey.

Data was also collected through interviews and a Focus Group Discussion. The team collaborated with NTUC to conduct 12 interviews with SME Employers, 2 interviews with U SME representatives, 3 interviews with Branch officials, and 1 Focus Group Discussion with 4 employers and 3 employees from SME.

For the Employee Survey, thematic coding of open-ended responses for the question: ***What one new initiative do you believe the Labour Movement (i.e. NTUC and associated unions/associations) should prioritise to better support employees and enhance its value?*** was done by a team of 4 researchers until agreement was reached for the whole dataset. This was then used as the training dataset for a Machine Learning algorithm to code the responses to the same question in the Managerial Survey. Responses which were not labelled by the algorithm were labelled by the same team of researchers, while those that were labelled were augmented with human validation.

The analysis primarily focused on the two most positive extreme points of the Likert/Agreement Scales, e.g. "Agree" and "Strongly Agree," when assessing participant responses. The mean score was calculated on a 7-point scale to provide a comprehensive measure of central tendency. All statistical analyses, including descriptive and inferential statistics, were conducted using SPSS, Python, R, and Microsoft Excel.

¹⁵ Employers refer to C-Level Managers/Owners/Founders/Partners.

Company Archetypes

SMEs are not a monolithic group. They vary significantly in terms of their industry, size, business model, growth stage, and workforce composition. Effective segmentation of companies is key to meaningful analysis, targeted strategies, and informed decision-making. While various company archetypes exist, for this report, we are segmenting four archetypes based on two questions we asked in the managerial/leadership survey. The first question is about company type (SME, LLE, or MNC), which is validated by employee size and annual revenue below or above SG100 million. The second question assesses the respondent's perception of organisational growth as listed below:

In which stage of development would you place your company?

- **Growth:** Rapid expansion and scaling of operations
- **Sustaining:** Stabilised operations with a focus on maintaining market position
- **Rebound:** Reinvention for new growth or rebounding
- **Decline:** Struggling and in a period of decline

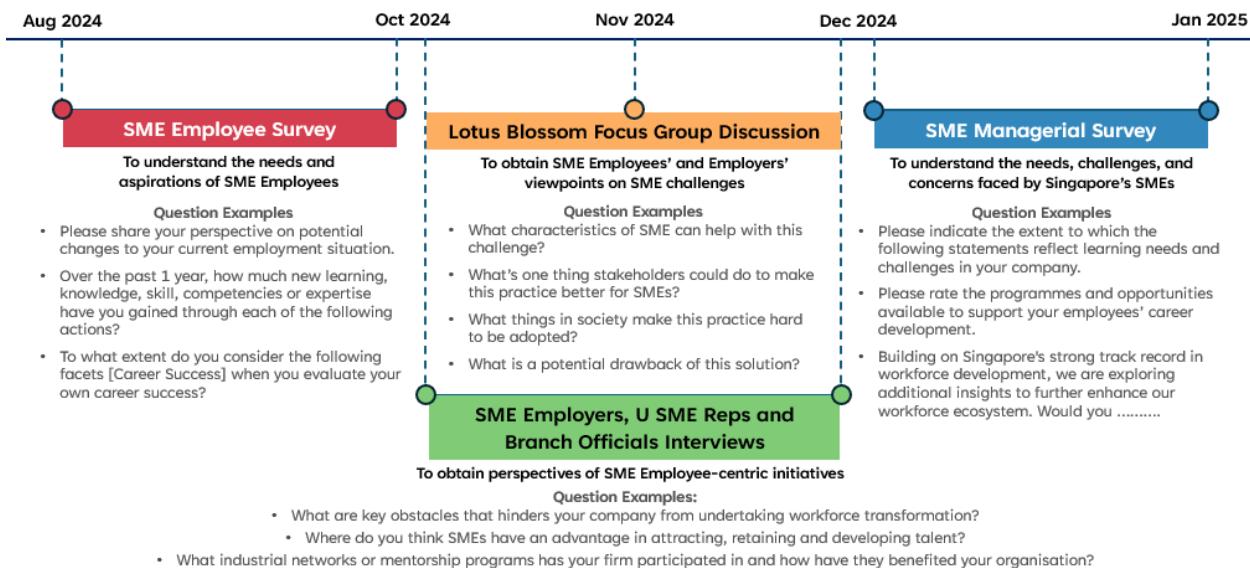
Our four main archetypes are SME Growth, SME Sustain, LLE, and MNC.

1. **SME Growth:** SMEs with employee size between 50-200 or less than S\$100 million annual revenue, focused on expansion and innovation.
2. **SME Sustain:** SMEs with employee size between 50-200 or less than S\$100 million annual revenue, prioritising stability.
3. **LLE:** Companies with more than 200 employees and more than S\$100 million annual revenue, having strong domestic presence with limited international reach.
4. **MNC:** Companies with more than 200 employees and more than S\$100 million annual revenue, having global operations with complex structures.

Rebound and Decline archetypes are not included in the main analysis as their sample size is small. Nevertheless, insights from the two archetypes (SME Rebound and SME Decline) have been included in the analysis of qualitative data (Chapter 6). We also tested a larger 10-group archetypes that included segmentation based on company type, no. of employees and organisational growth versus our proposed 4-group archetypes based only on company type and organisational growth. Comparing their ability to explain key organisational variables (measured using adjusted R-squared values), we found the difference in explanatory power was minimal, often less than 0.01. Hence, the choice of four archetypes balances granularity and usability for effective interventions.



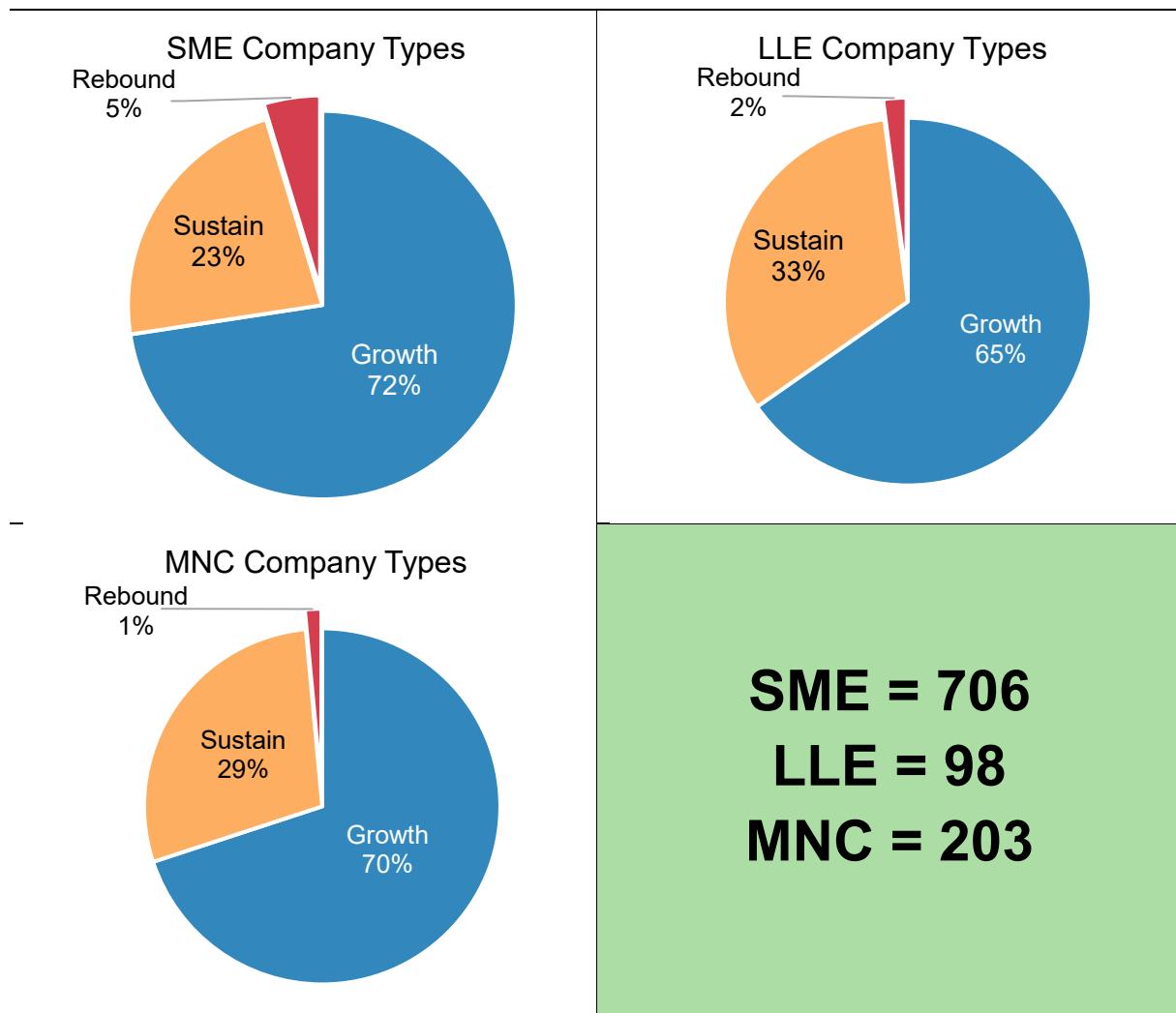
Research Methodology and Timeline¹⁶



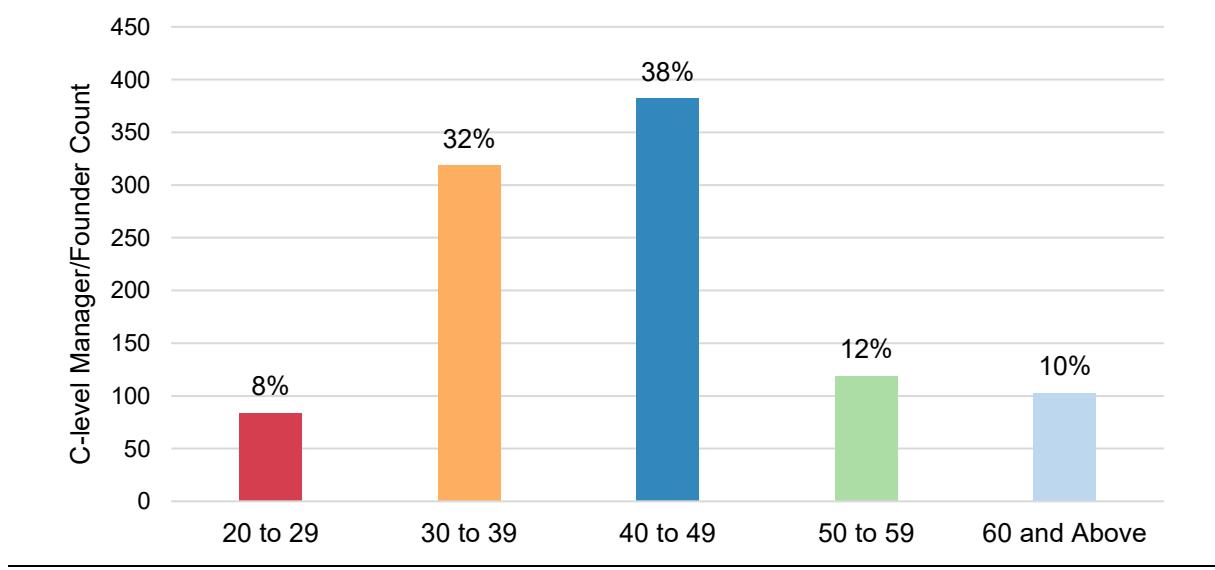
¹⁶ Lotus Blossom technique is described here: <https://thoughtegg.com/lotus-blossom-creative-technique/>

Sampling Overview

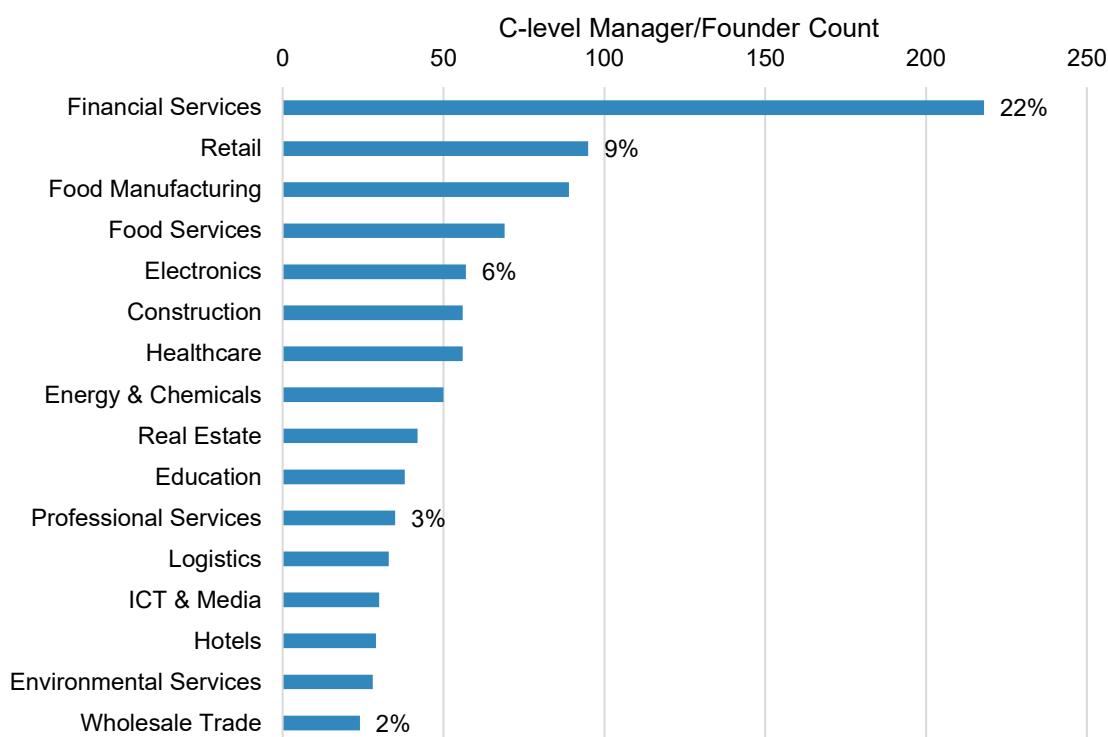
Managerial



Age Groups across C-level Managers/Founders

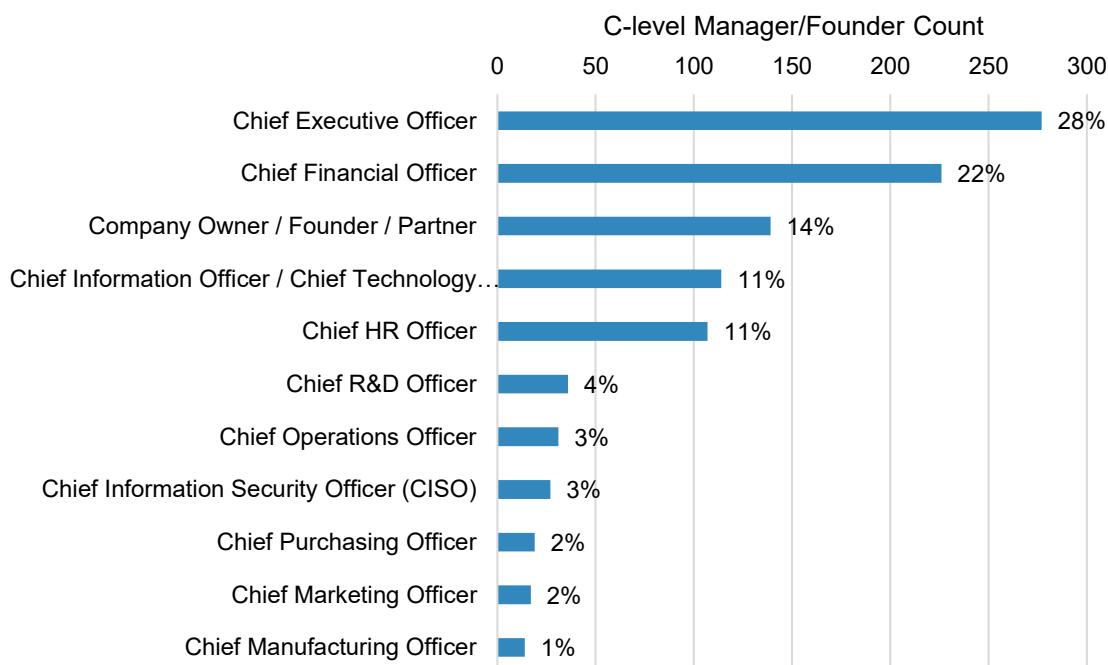


Industry Demographics across C-level Managers/Founders



*Note: Industries with less than 15 participants are not included in the chart.

Job Titles across C-level Managers/Founders



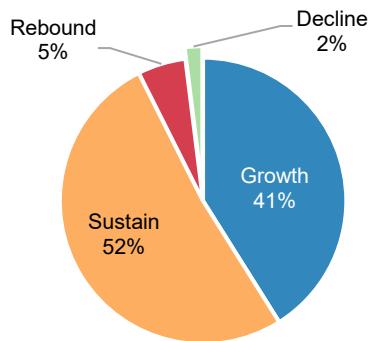
Employees

SME = 1417

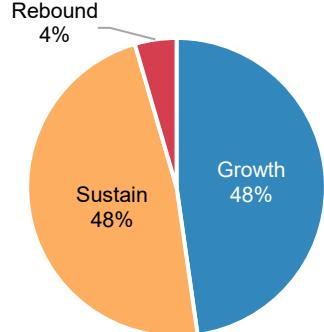
LLE = 421

MNC = 162

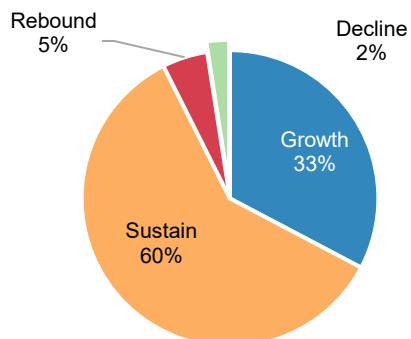
SME Company Types



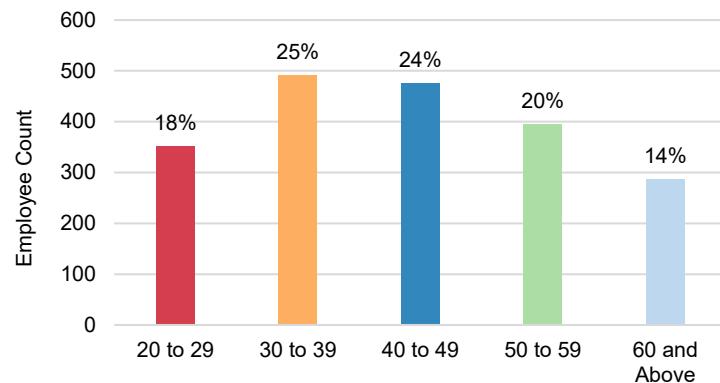
LLE Company Types



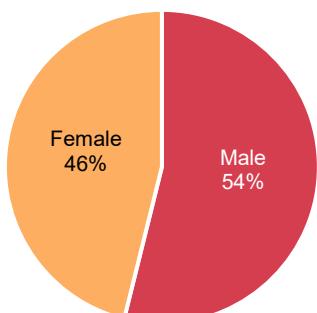
MNC Company Types



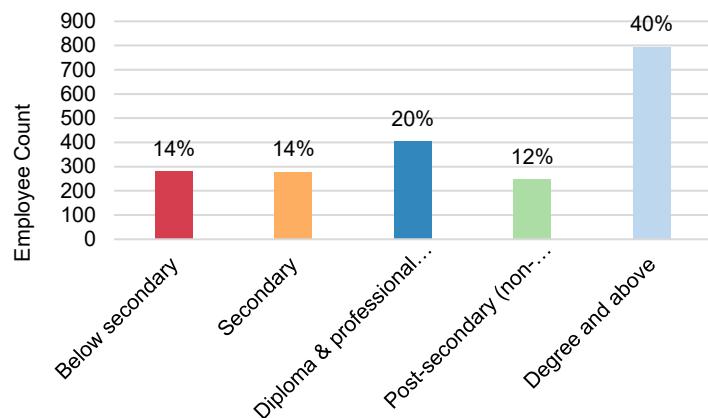
Age Groups across Employees



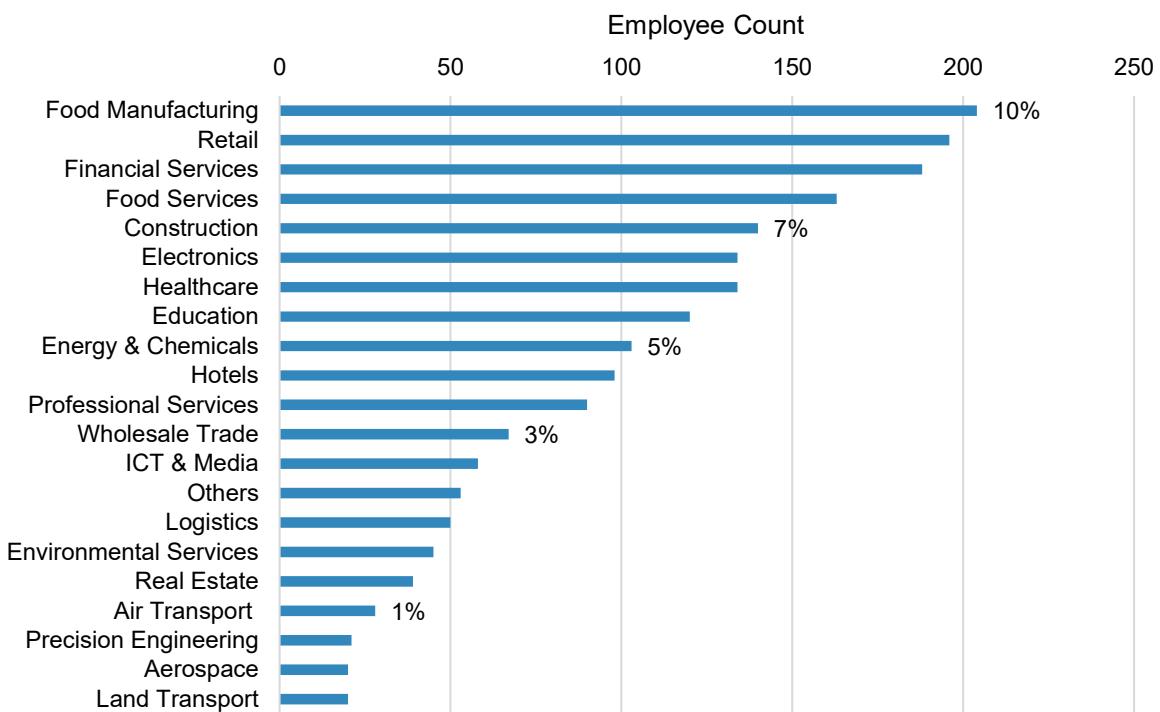
Gender across Employees



Education Levels across Employees

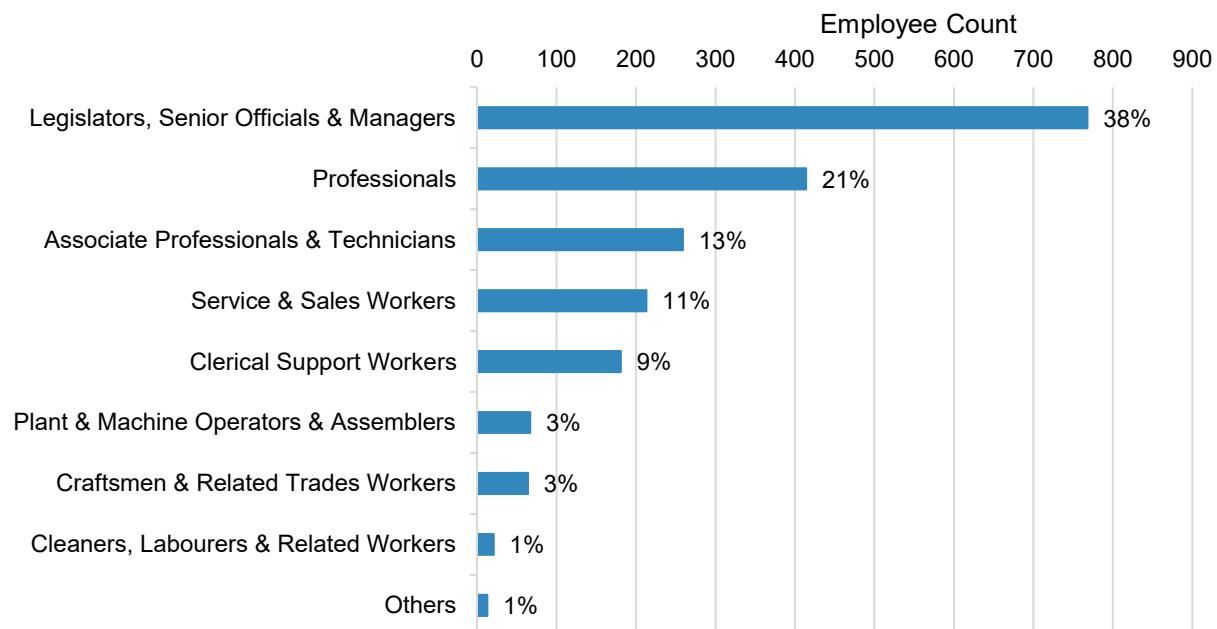


Industry Demographics across Employees

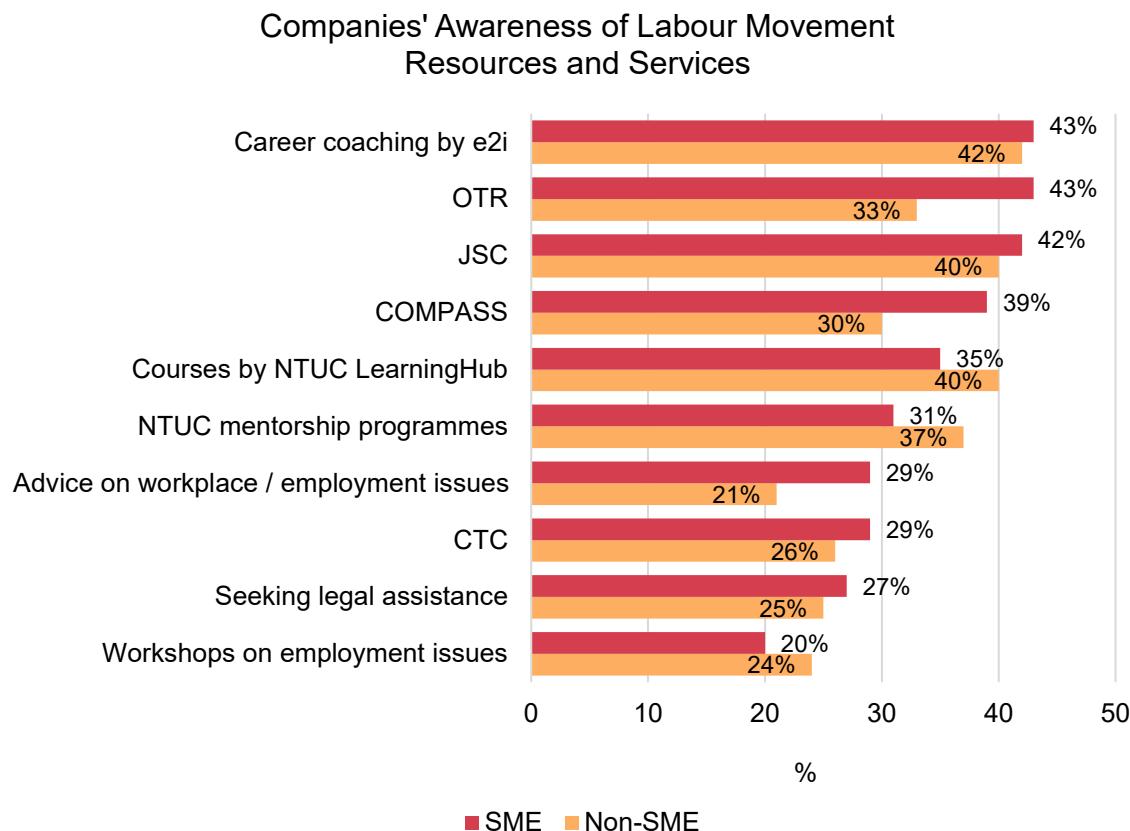


*Note: Industries with less than 15 participants are not included in the chart.

Job Titles across Employees



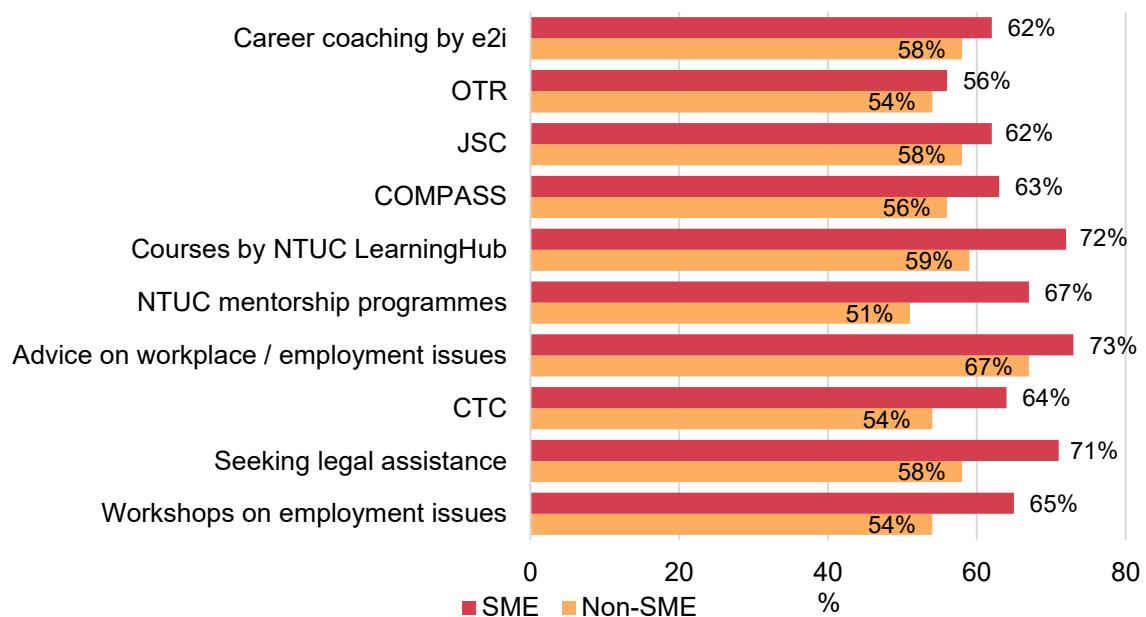
Awareness of Labour Movement Resources and Services¹⁷



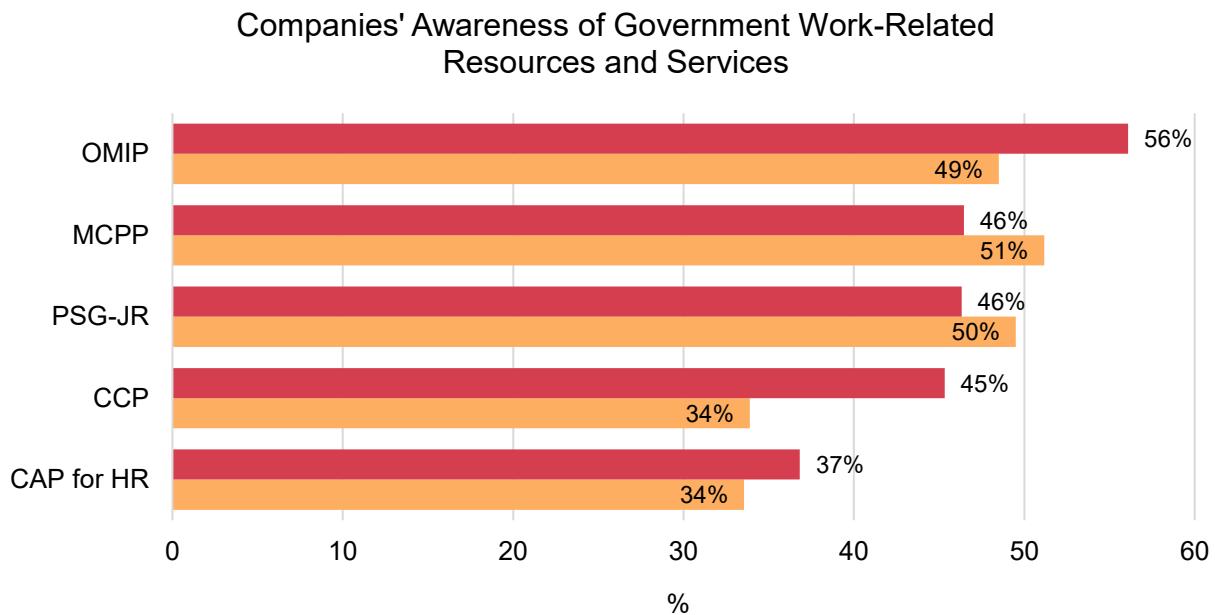
¹⁷ The Labour Movement resources and services include: Sending employees for career coaching offered by NTUC's e2i, OTR, NTUC JSC, COMPASS Strategic Economic Priorities Bonus, Sending employees to courses offered by NTUC LHUB, Participating in NTUC's mentorship programmes, Seeking advice and assistance on workplace issues and/or employment-related matters, CTCs and the CTC grant, Seeking legal assistance, and Attending workshops / trainings on employment issues (e.g. Employment Act, Tripartite Guidelines, Workplace Fairness Legislation, CPF Contributions, etc).

Usage of Labour Movement Resources and Services

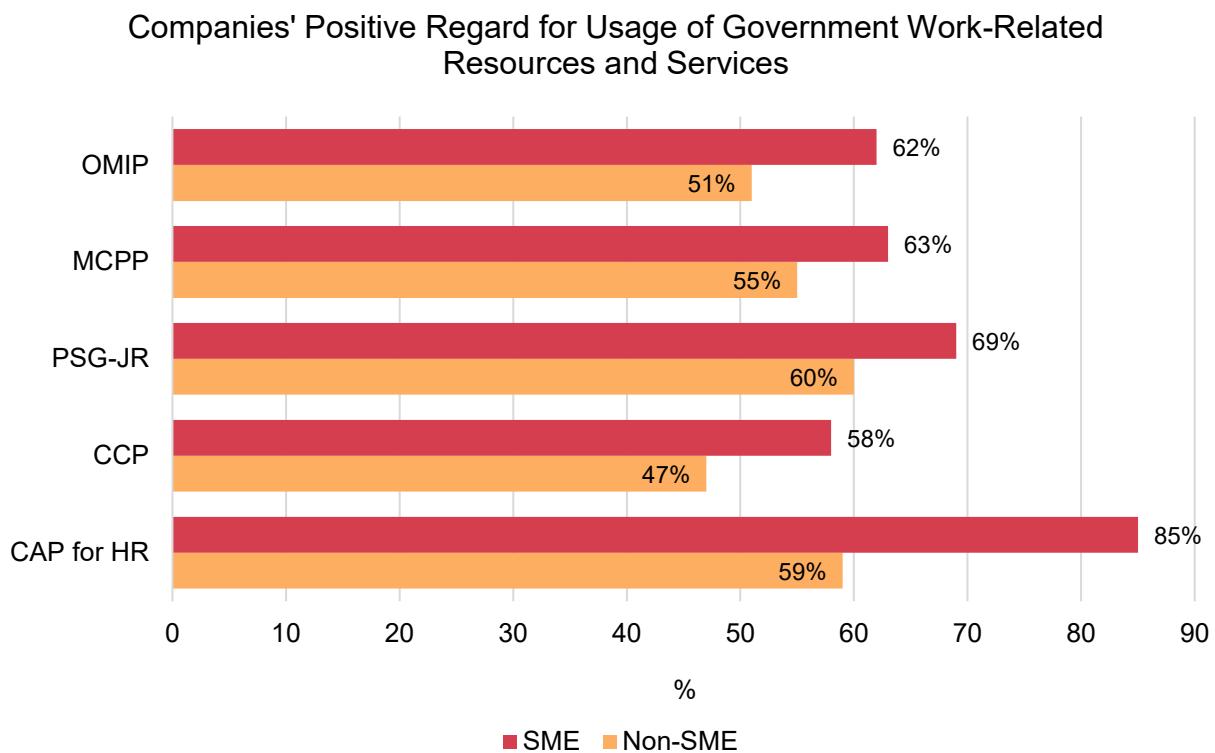
Companies' Positive Regard for Usage of Labour Movement Resources and Services



Awareness of Government Work-Related Resources and Services¹⁸



Usage of Government Work-Related Resources and Services



¹⁸ The government work-related resources and services include Overseas Markets Immersion Programme (OMIP), Mid-Career Pathways Programme (MCPP), Job Redesign under PSG-JR, CCP, and WSG's Career Advisory Programme for HR (CAP for HR).

List of Acronyms

Acronym	Definition
ASME	Association of Small & Medium Enterprises
CAP for HR	Career Advisory Programme for HR
CCP	Career Conversion Programmes (Also referred to as CCPs)
CET	Continuing Education and Training
CTC	Company Training Committees (Also referred to as CTCs)
COMPASS	Complementarity Assessment Framework
e2i	Employment and Employability Institute
EWTP	Enterprise Workforce Transformation Package
FWAs	Flexible Work Arrangements
HCDT	Human Capital Diagnostic Tool
IHRP	Institute for Human Resource Professionals
JR	Job Redesign
JSC	Job Security Council
JSIT	Jobs-Skills Integrators
LHUB	NTUC LearningHub
LLEs	Large Local Enterprises
LQS	Local Qualifying Salary
LXP	Learning eXperience Platform
MCPP	Mid-Career Pathways Programme
MNCs	Multinational Corporations
MOF	Ministry of Finance
MOM	Ministry of Manpower
NACE	National Centre of Excellence for Workplace Learning
NTUC	National Trades Union Congress
OCB	Organisational Citizenship Behaviour
OD	Organisational Development
OEM	Original Equipment Manufacturer
OJT	On-the-Job Training
OMIP	Overseas Markets Immersion Programme
OTR	Operation & Technology Roadmaps
PMET	Professional, Managerial, Executive, and Technical workers
PSG-JR	Productivity Solutions Grant for Job Redesign
PWCS	Progressive Wage Credit Scheme
PWM	Progressive Wage Model
SBF	Singapore Business Federation
SFEC	SkillsFuture Enterprise Credit
SMART	Specific, Measurable, Achievable, Relevant, Time-bound
SNEF	Singapore National Employers Federation
SSG	SkillsFuture Singapore
TACs	Trade Associations and Chambers
TAFEP	Tripartite Alliance for Fair and Progressive Employment Practices
UTAP	Union Training Assistance Programme
WDG	SkillsFuture Workforce Development Grant
WIS	Workfare Income Supplement
WSG	Workforce Singapore
WSS	Workfare Skills Support

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Every
Worker
Matters

The logo consists of a large, stylized white 'U' shape with a smaller 'U' nested inside it, creating a double 'U' effect.

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