Issued by the Tripartite Cluster for Retail Industry

Frequently Asked Questions on the Recommendations of the Tripartite Cluster for Retail Industry (TCR) on Introducing Progressive Wage Model for the Retail Sector

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On Retail Industry

1. What are some of the operational and manpower challenges facing the industry?

As a business-to-consumer sector, the retail industry is vulnerable to evolving customer buying behaviour where many have chosen to purchase from online platforms. The industry is confronted with many challenges such as increase in cost for purchase of goods; escalating rental rates; reduced footfall and lower profit margins.

The industry has also been facing perennial manpower shortage and difficulty in retaining workers due to other competing industries offering better employment terms; unwillingness of workers to work on weekends and public holidays; long working hours due to the opening hours of retail stores, prolonged standing, limited career progression opportunities; perceived lack of financial stability due to the inherent compensation structure of low basic pay and high commissions for some retail job roles; perceived poor image of the retail industry as a career choice.

The Retail PWM will provide workers with a clear progression pathway to higher wages, better skills, and increased job responsibilities, and will enhance the Retail sector's attractiveness to resident workers. In addition, to further support the retail industry, the Government has rolled out the Food Services and Retail Business Revitalisation Package[1] and Retail Industry Transformation Map[2] in developing a future-ready Retail sector that can adapt to shifting trends, technological advancements, and the rapidly changing needs of consumers.

On Retail Progressive Wage Model (PWM)

2. Why did the TCR decide to introduce the Progressive Wage Model for the Retail Industry at this juncture?

In Aug 2021, the Government accepted all 18 recommendations in the Tripartite Workgroup on Lower-Wage Workers' report and one of the recommendations was to expand PWM to the Retail sector on 1 Sep 2022.

This effort is guided by the imperative of uplifting our lower-wage workers so that everyone enjoys the fruits of growth together, and that no worker is left behind as Singapore progresses. Besides the pathway to higher wages, the Retail PWM also provide workers with a clear progression pathway to better skills, and increased job responsibilities, and will enhance the Retail sector's attractiveness to resident workers. The Retail PWM is introduced at a critical phase where the Retail sector is undergoing transformation efforts, supported by the Food Services and Retail Business

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[1] The $70mil Food Services and Retail Business Revitalisation Package was announced at the Ministry of Trade and Industry's Committee of Supply 2022. It provides additional support to enable Food Services and Retail enterprises to accelerate their digital and productivity efforts, build capabilities, transform their businesses, and hire and train more local workers. For more information, refer to https://www.mti.gov.sg/COS-2022/Factsheets-on-Key-Announcements

[2] The Retail Industry Transformation Map was launched in September 2016 by the Ministry of Trade and Industry to encourage retailers to adapt and innovate to remain relevant in a competitive marketplace brought on by globalisation and e-commerce. For more information, refer to https://www.mti.gov.sg/en/TMs/Lifestyle/Retail

Revitalisation Package[3] and Retail Industry Transformation Map[4], to become a future-ready Retail sector that can adapt to shifting trends, technological advancements, and the rapidly changing needs of consumers.

On Retail PWM Career Ladder

3. How would employers know if their worker is under the Retail PWM job role especially if the worker has a varied job portfolio (e.g., doing both marketing and retail work)?

Employers will have to declare which retail PWM job role their retail worker(s) are working in based on the corresponding job descriptions provided by the Tripartite Cluster. The declaration can be done via the Occupational Employment Dataset (OED) that MOM administers.

If a worker performs multiple job roles, e.g., marketing and retail functions, and spends majority of his/her time performing the retail function, he/she should be classified as a retail worker and be paid the applicable PWM wage. The applicable PWM wage will be determined based on which specific retail job function the worker spends majority of his/her working time in.

On Retail PWM Skills Ladder (Setting Minimum Training Requirements)

4. Why did TCR set a minimum number of WSQ training modules for the respective job levels?

To further accelerate efforts to encourage a continuous learning and upskilling mindset so as to support industry transformation, the TCR recommends the setting of minimum training requirements for all PWM job roles. This will ensure the retail workforce will be adequately trained to handle their assigned tasks.

As a start, the TCR recommends that one WSQ training module be stipulated as the minimum PWM training requirement for all PWM job roles.

Retail Sector	PWM Training Requirements
• Retail Manager • Retail Supervisor • Assistant Retail Supervisor • Senior Retail Assistant / Senior Cashier • Retail Assistant / Cashier	Minimum 1 WSQ module

Each Retail PWM job role would only need to meet the training requirement of 1 WSQ module as a start and the number of training modules required would not be on a cumulative basis even as the worker moved up the Career Ladder. For e.g., a Retail Manager will only need to attain 1 WSQ module and not 5 WSQ modules.

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5. How will the introduction of the mandatory training requirements affect the employers?

Employers are expected ensure that their Retail workers attain the mandatory training requirements. Grace period will be given. Tripartite partners will share more details on the deadline for attaining the training requirements in due course.

For existing or new resident FT / PT retail workers who had already attained the same or higher proficiency level for any of the list of training modules, they would be deemed as having met the PWM training requirements.

On Retail PWM Wage Ladder

6. How will the baseline wages affect both employers and consumers?

The TCR is cognisant of the impact of the introduction of the PWM Wage Ladder to Business-To-Consumer sectors such as the Retail sector.

With the introduction of the Progressive Wage Credit Scheme (PWCS) announced during Budget 2022 as well as the announcement of the increased co-funding share by the Government for the year 2022 (announced on 21 June 2022), the impact on business cost and consumer prices would be reduced and it would also help employers to adjust for the mandatory wage increases for lower-wage workers, while pushing ahead with efforts to transform business processes and improve firm-level productivity.

The PWCS provides co-funding support for lower-wage worker wage increases from 2022 to 2026. For the qualifying year of 2022, there will be a 75% co-funding support for wage increases up to $2,500 gross monthly wage ceiling and 45% co-funding support for wage increases above $2,500 and up to $3,000 gross monthly wage ceiling.

The TCR calls upon all end consumers to better recognise the value of our retail workforce and appeals to all end consumers to be prepared to bear some cost increase, so that a fairer and more cohesive society might be achieved. In addition, a highly competent and productive retail workforce will ensure that the industry continues to thrive and everyone would benefit from a professional and service orientated retail sector.

7. Will TCR review the PWM recommendations within the next few years?

The TCR will undertake a review of the wage schedule in 2024.

8. Do employers need to pay retail workers the PWM baseline wages during the run-in period?

Employers should pay the Retail PWM wages during the run-in period from 1 Sep 2022 to 28 Feb 2023, and employers should make up for any shortfall of PWM wages accrued during the run-in period.

9. For part-time retail workers, will they also receive the baseline Retail PWM wages?

Retail workers who work on a part-time basis will receive the hourly equivalent Retail PWM wage pro-rated on the basis of 44 hours of work per week.

For example, a part-time Cashier / Retail Assistant needs to be paid pro-rated PWM wages of $9.70 / hour from 1 Sep 2022 to 31 Aug 2023, based on the calculation of ($1850 x 12 months) / (52 weeks x 44 hours).

10. Why is the Retail PWM wages expressed in gross terms instead of basic terms?

This is to accord firms with more flexibility to structure wages according to their specific needs. Besides the basic wages, firms can include other variable components such as allowances, commissions and regular cash payments to meet the required Retail PWM monthly gross wage.

However, Annual Wage Supplement and other lump sum payment such as Anniversary Cash Award, Finders Introduction fees, Flexible Benefit reimbursements, Gratuity, Long Service Awards will be excluded from the monthly wage computation.

In addition, the retail sector is one where commissions or performance incentives are built into the wage structure. Hence, if the Retail PWM wage is expressed in basic terms, it may give the misleading impression that such jobs pay poorly, and retail employers will have difficulty in recruiting workers. Expressing Retail PWM wages in gross terms is therefore more representative of the take home pay of retail employees.

11. Why is there an averaging arrangement for the Retail PWM and why is it for a period of 3 months?

The retail industry is subjected to "seasonality effects" whereby there were certain periods where the sales would trend downwards, e.g., post Chinese New Year period. Hence, the TCR has introduced a 3-month wage average only for Retail PWM workers to mitigate the "seasonality effects" in the retail sector.

The TCR has set it as a period of 3 months with the following considerations:

- employers would have some flexibility to meet PWM requirements.
- workers would still receive fair wage outcomes without too much volatility.

12. Do employers follow the Retail PWM Gross Wage Requirements (GWR) table for each additional hour worked beyond 44 hours or the Employment Act (EA) which stipulates that employers must pay workers at least 1.5 times their hourly basic rate of pay for over-time (OT) work.

For full-time retail workers who are covered under Part 4[5] of the EA, they are eligible for over-time (OT) payments when they put in additional hours above their contracted working hours. The OT rate of pay shall be at least 1.5x the basic rate of pay as stipulated under the EA.

The GWR table sets out the wage requirements for employers to meet the Retail PWM Gross Wage Requirements for overtime pay.

Employers should pay the higher of either the EA OT rate of pay or the GWR as indicated in the table below.

	Employers should pay the EA OT rate of pay (at least 1.5x the basic rate of pay)	Employers should pay the GWR for each additional hour worked beyond 44 hours
If EA OT rate of pay (at least 1.5x the basic rate of pay) **>** GWR for each additional hour worked beyond 44 hours	✓	
If GWR for each additional hour worked beyond 44 hours **>** EA OT rate of pay (at least 1.5x the basic rate of pay)		✓

[3]Part 4 of the Employment Act provides for rest days, hours of work and other conditions of service, and applies to an employee who is not a workman and earns a monthly basic salary of not more than $2600.

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13. Would retailers be given enough time to prepare for the implementation of the Retail PWM on 1 September 2022?

To give retail employers more time to understand the requirements and make the necessary adjustments, the TCR recommends a Run-in period of 6 months from 1 Sep 2022 to 28 Feb 2023 where MOM will focus on helping and allowing employers of retail workers to understand and adhere to the PWM requirements. There will be no enforcement action.

After the Run-in period from 1 March 2023 onwards, should there be any non-compliance with Retail PWM requirements, MOM will advise employers on the appropriate rectification actions to take within a reasonable timeframe, failing which enforcement actions (i.e. suspension of Work Pass privileges such that employers will not be able to apply for new or renew existing Work Passes) may be taken.

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Tripartite Cluster for Retail (TCR) Industry

Term of Office: March 2021 – March 2023

Description	Organisation	Representative
Chair	National Trades Union Congress(NTUC)	Ms. Yeo Wan Ling *Concurrently Director, U SME*
Co-Chair	Singapore National Employers Federation (SNEF)	Mr. Chou Cheng Ngok *Concurrently Group CEO & Executive Director, Popular Holdings Limited*
Labour Movement	Food, Drinks and Allied Workers Union	Mr. Lim Wen Sheng, Deputy General Secretary
	Singapore Industrial and Services Employees' Union	Mr. Richard Sim Siong Chuan General Secretary
	The Singapore Manual & Mercantile Workers' Union	Ms. Josephine Tee Deputy Secretary-General
	NTUC	Mr. Zainal Sapari Assistant Director-General *Concurrently Director, NTUC U Care Centre*
Industry Association / Firms	Singapore Retailers Association (SRA)	Mrs. Helen Khoo Honorary Secretary *Concurrently, Special Advisor to Chairman's Office, Wing Tai Holdings Limited*
	FairPrice Group	Ms. Sylvia Lai Senior HR Director
	Radha Exports (ValuDollar Shop)	Mr. Deepak P.Anandani President
	Scanteak	Ms. Jamie Lim CEO
	Metro (Private) Limited	Ms. Esther Ang Head (Human Resources)
Government	Ministry of Manpower (MOM)	Mr. Lee Chung Wei Divisional Director, Workplace Policy and Strategy Division
	Enterprise Singapore (ESG)	Mr. Alan Yeo Director (Retail & Design)
	SkillsFuture Singapore (SSG)	Ms. Tracy Lee Director, Industry Development Division II
	Workforce Singapore (WSG)	Mr. Kenneth Wong Director, Tourism Division

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Retail PWM Baseline Gross Wages (excluding overtime payment) for the period from 1 September 2022 to 31 August 2025 to applicable resident[6] workers in the Retail sector.

PWM Job Level	PWM Baseline Gross Wages	From 1 Sep 2022	From 1 Sep 2023	From 1 Sep 2024	CAGR^
Retail Assistant / Cashier	Gross Wage *(exclude OT)*	**$1850**	**$1975**	**$2175**	8.4%
		yoy inc>	$125	$200	
	Gross Hourly Wage for part-timers	$9.70	$10.36	$11.41	
Senior Cashier / Senior Retail Assistant	Gross Wage *(exclude OT)*	**$2035**	**$2175**	**$2395**	8.5%
		yoy inc >	$140	$220	
	Gross Hourly Wage for part-timers	$10.67	$11.41	$12.56	
Assistant Retail Supervisor	Gross Wage *(exclude OT)*	**$2240**	**$2395**	**$2635**	8.5%
		yoy inc >	$155	$240	
	Gross Hourly Wage for part-timers	$11.75	$12.56	$13.82	

^Refers to Compound Annual Growth Rate from 2022 to 2024

[4]PWM Baseline Gross Wages are applicable to Singapore Citizens and Permanent Residents only. For foreign manpower, employers are encouraged to adopt the key principles of progressive wages in their wage structure, considering other cost components such as accommodation and levies.