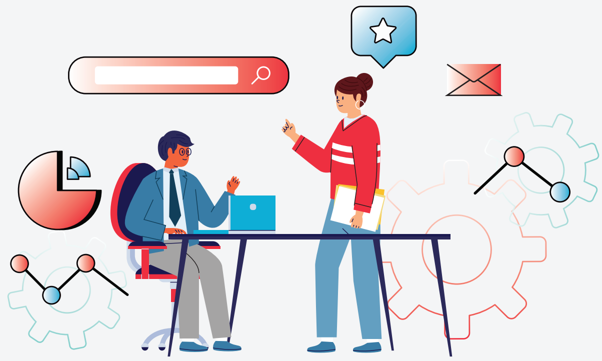
SBF NATIONAL BUSINESS SURVEY 2025

MANPOWER & WAGES EDITION

The National Business Survey (NBS) is the flagship survey of the Singapore Business Federation (SBF). Into its 18th annual edition, the SBF National Business Survey 2025 – Manpower & Wages Edition provides fresh insights on manpower strategies adopted by businesses, as well as concerns and issues related to manpower and wages faced by the Singapore business community.



Section 1: **Business Outlook**

CURRENT BUSINESS CLIMATE IN SG

	Dissatisfied	Neutral	Satisfied
Q4 2024	18%	41%	40%
Q1 2025	19%	46%	35%
Q2 2025	21%	46%	33%

SG ECONOMY IN THE NEXT 12 MONTHS

	Worsen	The Same	Improve
Q4 2024	22%	51%	26%
Q1 2025	40%	44%	16%
Q2 2025	35%	50%	14%

GLOBAL BUSINESS CLIMATE

	Dissatisfied	Neutral	Satisfied
Q4 2024	24%	58%	17%
Q1 2025	32%	58%	10%
Q2 2025	33%	55%	12%

ASEAN BUSINESS CLIMATE

	Dissatisfied	Neutral	Satisfied
Q4 2024	15%	53%	32%
Q1 2025	19%	62%	19%
Q2 2025	22%	57%	21%

Base: n=555, Q2 2025 | n=526, Q1 2025 | n=519, Q4 2024

Subdued Growth Expectations in Q2 2025 Reflect Ongoing Concern over Tariffs and Volatility

Business satisfaction with the current state of the economy has declined from 35% to 33%, with more businesses expecting conditions to worsen (35%) than improve (14%) over the next 12 months.

Low satisfaction with global and ASEAN business conditions persist in Q2 2025, reflecting continued uncertainty and cautious outlook among businesses.

NEXT 12 MONTHS OUTLOOK BY KEY SECTOR

Most Optimistic Sectors

- 25% Health & Social Services
- 23% Other Financial & Insurance Activities
- 22% Education

Most Pessimistic Sectors

- 63% Hotels, Restaurants & Accomm
- 48% Admin & Support Services
- 45% IT & Related Services

Hospitality and Support Services Sectors Show Weak Outlook

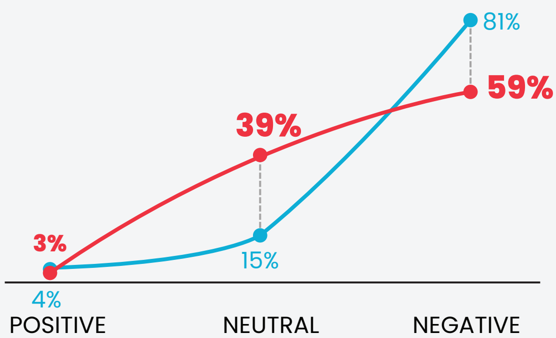
At the sectoral level, businesses in the Hotels, Restaurants & Accommodations, Administrative & Support Services, and IT & Related Services sectors hold a more bearish outlook, while those in Health & Social Services and Education are slightly more optimistic.

Businesses Show Signs of Resilience amid Tariff Pressures

Impact of US tariffs on businesses have eased with the proportion of businesses rating impact as "negative" declining from 81% in April 2025 to 59% in July 2025.

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

IMPACT OF RECENT U.S TARIFF CHANGES ON BUSINESS*



Base: n=294, Apr 2025 | n=555, Jun 2025

Decimal points have been rounded up. The total may not add up to 100%.

What is the BSI?

The SBF Business Sentiment Index measures business sentiment and confidence among businesses in Singapore.

The index tracks business sentiment across 11 dimensions covering areas such as revenue expectations, hiring plans, and capital investment. It enables stakeholders to better understand business climate and shifting business sentiment in the evolving economic landscape. Data for this wave of the BSI was collected between 25 June to 18 July 2025.

How is it surveyed?

Respondents were asked to rate their sentiments on the 11 key dimensions. For indicators such as cost expectations, the scale is inverted, where higher scores indicate rising costs, which reflect negative sentiment.

National Business Survey

Q1. How do you anticipate your company's revenue will change over the next six months?

○ ○ ○ ○ ○ ○ ○ ○ ○ ○ ○

0 1 2 3 4 5 6 7 8 9 10

Significant Decrease — **No Change** — **Significant Increase**

How is it calculated?

Each component is assigned a fixed weight to ensure consistent interpretation and comparability. The weighted scores are then computed into an overall Index score.

55.4 Overall BSI Score ▼

The Business Sentiment Index dipped by 1.1 points in Q2 2025, reflecting growing caution among businesses. Despite the easing of the impact of US tariffs on businesses for now, external uncertainties continue to weigh on local business sentiment.

▲▼ Indicates an increase or decrease vs. Q1 2025 scores

53.3 ▼ Revenue Expectations

Revenue outlook weakened in Q2 2025, falling by 2.0pts, indicating businesses are adopting a more cautious stance amid continued global uncertainty. Banking & Insurance and Health & Social Services sectors show more positive outlook.

Avg: 53.3

Lowest Revenue Expectations
- 37.0 ▼ Hotels, Restaurants & Accomm
- 49.3 ▼ Retail Trade
- 51.0 ▼ Education

Highest Revenue Expectations
- 57.1 ▼ Banking & Insurance
- 56.6 ▼ Other Financial & Insurance Activities
- 55.0 ▼ Health & Social Services

51.4 ▼ Profitability Expectations

Businesses are showing signs of growing caution around profitability, with sentiments dipping by 2.3pts in Q2. Higher optimism seen in Banking & Insurance and Health & Social Services sectors.

Avg: 51.4

- 40.4 ▼ Hotels, Restaurants & Accomm.
- 47.8 ▼ Professional Services
- 48.5 ▼ Retail Trade
- 57.4 ▼ Banking & Insurance
- 57.3 ▲ Health & Social Services
- 55.5 ▼ Other Financial & Insurance Activities

59.1 ▼ Outlook on Business Expansion

Growth sentiment dipped by 1.5 pts in Q2 2025, signalling greater caution among businesses amid ongoing volatility. However, sectors such as Health & Social Services, Retail Trade, and IT & Related Services remain relatively more expansionary.

Avg: 59.1

- 55.0 ▼ Logistics & Transportation
- 56.6 ▼ Admin & Support Service Activities
- 57.8 ▼ Construction & Civil Engineering
- 64.0 ▲ Health & Social Services
- 61.5 ▲ Retail Trade
- 60.2 ▼ IT & Related Services

56.2 ▼ Operational Capacity Utilisation

Level of operational capacity utilisation index is largely consistent with Q1 at 56.5 (with a marginal dip of 0.3pt). However, specific sectors such as Health & Social Services, and Logistics & Transportation show signs of rising capacity pressure.

Avg: 56.2

- 45.2 ▼ Admin & Support Service Activities
- 49.4 ▼ Hotels, Restaurants & Accom
- 53.4 ▼ Construction & Civil Engineering
- 70.8 ▲ Health & Social Services
- 62.8 ▲ Logistics & Transportation
- 59.5 ▼ Real Estate Activities

56.6 ▼ Outlook on Hiring

With slower growth and weaker revenues, businesses are pulling back on hiring, with sentiment dipping by 1.1 points. Most are opting to maintain current workforce size. However, rising hiring sentiment is seen in the Health & Social Services and Real Estate Activities sectors.

Avg: 56.6

- 51.0 ▼ Education
- 51.6 ▼ Hotels, Restaurants & Accom
- 54.7 ▼ IT & Related Services
- 61.8 ▲ Health & Social Services
- 59.5 ▲ Real Estate Activities
- 57.7 ▼ Admin & Support Service Activities

56.9 ▼ Outlook on Capital Investment

The capital investment outlook remains stable with only a marginal decrease of 0.01pt from Q1. Health & Social Services and Retail Trade sectors reported more positive outlook on pursing capital investment.

Avg: 56.9

- 49.0 ▼ Education
- 54.7 ▼ Construction & Civil Engineering
- 56.0 ▲ Wholesale Trade
- 64.0 Health & Social Services
- 59.1 ▲ Retail Trade
- 58.6 ▼ Real Estate Activities

56.7 ▼ Cost Expectations

Note: Higher scores indicate higher cost expectations among businesses.

Cost expectations fell sharply by 11.3 points in Q2 2025, alongside with a broad slowdown in business growth plans, hiring activity, and operational capacity utilisation.

Avg: 56.7

Lowest Cost Expectations
- 50.8 ▼ Hotels, Restaurants & Accom
- 54.2 ▼ Education
- 54.2 ▼ Admin & Support Service Activites

Highest Cost Expectations
- 62.9 ▼ Health & Social Services
- 59.2 ▼ Banking & Insurance
- 58.3 ▼ Real Estate Activities

54.6 ▼ Access to Financing

Ease of access to financing fell marginally by 0.8pt in Q2. However, with growth ambitions softening and cost pressures easing, the slight drop in financing sentiment may not signal worsening cash flow conditions among businesses

Avg: 54.6

- 50.5 ▼ Hotels, Restaurants & Accom
- 52.2 ▼ Professional Services
- 53.0 ▼ Education
- 61.8 ▲ Health & Social Services
- 60.4 ▲ Real Estate Activities
- 59.1 ▲ Retail Trade

57.4 ▼ Supply Chain & Operational Resilience

Resilience to supply chain disruptions slightly weakened in Q2 2025, falling by 1.7pts compared to Q1. Stronger resilience was reported in sectors such as Logistics & Transportation, Retail Trade, and Manufacturing sectors.

Avg: 57.4

- 43.8 ▼ Health & Social Services
- 52.4 ▼ Construction & Civil Engineering
- 52.8 ▼ Hotels, Restaurants & Accom
- 60.3 ▲ Logistics & Transportation
- 59.9 ▲ Retail Trade
- 59.7 ▲ Manufacturing

56.1 ▼ Confidence in Growth Prospects

Overall growth confidence remained relatively stable in Q2, with only a marginal decline of 0.6 points. Resilience in sentiment reflect sentiment has remained broadly steady amid external headwinds, perhaps supported by strong Q1 economic results Singapore.

Avg: 56.1

- 46.0 ▼ Hotels, Restaurants & Accom
- 51.9 ▼ Admin & Support Service Activities
- 52.4 ▼ Professional Services
- 68.5 ▲ Health & Social Services
- 61.1 ▼ Banking & Insurance
- 57.8 ▲ Manufacturing

57.9 ▼ Government Support Sentiment

Sentiment toward government support declined marginally by 0.7pt in Q2. Health & Social Services and Banking & Insurance sectors have a more positive outlook while Hotels, Restaurants, & Accommodations shifted towards a more negative sentiment towards level of support.

Avg: 57.9

- 47.1 ▼ Hotels, Restaurants & Accommodation
- 53.4 ▼ Retail Trade
- 54.6 ▼ Admin & Support Service Activities
- 66.3 ▲ Health & Social Services
- 61.9 ▼ Banking & Insurance
- 59.4 Other FInancial & Insurance Activities

Base: n=526, Q1 2025

Section 3: Manpower Challenges & Hiring Outlook

Businesses Signal Growing Concerns Over Investing in Workforce Development

Rising manpower costs remain as the top manpower challenge but proportion citing it as a concern have declined from 75% in 2024 to 65% in 2025. Challenges in upskilling/reskilling emerges as the second major challenge, with the proportion of businesses citing it as a concern rising from 25% to 47%. Concerns on foreign manpower policies that increase costs has declined from 53% to 45% but remain among the top five challenges.

TOP 5 MOST MANPOWER CHALLENGES

2025	2024	Challenge
63%	75% 2024	Rising manpower cost
47%	25% 2024	Challenges in upskilling/reskilling
45%	53% 2024	Foreign manpower policies that raise costs
41%	48% 2024	Stricter policies that limit supply of foreign manpower
36%	48% 2024	Attracting and/or retaining younger workers

Base: n=526, Q1 2025 | n=555, Q2 2025

Work Permit Revisions Met with Relief while S Pass Policy Seen as Restrictive

Businesses welcomed the removal of the maximum employment period and the raising of the maximum employment age for work permit holders, rating both foreign workforce policy changes with the most positive impact. Conversely, the increases in S pass qualifying salaries for both new and renewal applications are rated as having the most negative impact.

IMPACT OF FOREIGN WORKFORCE POLICY CHANGES ON BUSINESSES

High Positive Impact

	NEGATIVE IMPACT	NONE	POSITIVE
Removal of maximum Period of Employment of WP holders	3%	59%	38%
Raising maximum employment age of work permit holders	5%	60%	35%

High Negative Impact

	NEGATIVE IMPACT	NONE	POSITIVE
Increase in S pass qualifying salary for new applications	45%	30%	26%
Increase in S pass qualifying salary for renewal applications	44%	28%	27%

TOP 5 STRATEGIES TO COPE WITH FOREIGN MANPOWER POLICIES

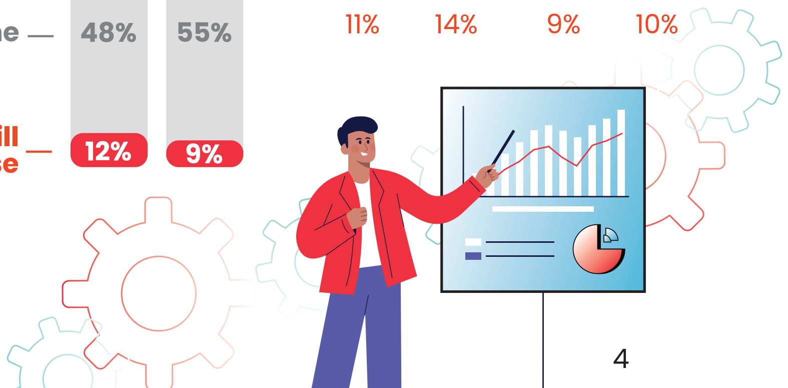
- **43%** **Expand** recruitment to hire locals
- **40%** **Increase wages** to attract locals
- **35%** **Outsourcing** to local 3rd-party contractors
- **32%** **Invest in tech** or redesign processes
- **30%** **Delay** business expansion plans

Businesses Pivot to Local Talents to Meet Foreign Manpower Challenges

To cope with the negative impact from foreign workforce policy changes, companies are expanding recruitment to hire locals, increasing wages to attract locals and outsourcing to local third-party contractors.

HIRING OUTLOOK IN THE N12M

	2024	2025	2024 SMEs	2024 Large Co.	2025 SMEs	2025 Large Co.
Will Increase	40%	36%	47%	51%	36%	41%
The Same	48%	55%	42%	35%	56%	49%
Will Decrease	12%	9%	11%	14%	9%	10%



Businesses Indicate Slight Slow Down in Hiring in Next 12 Months

Hiring outlook softens, with 36% of businesses expecting to increase employment in the next 12 months, down from 40% in 2024. 55% of businesses will maintain their current staffing levels.

The proportion of large companies that plan to increase headcount has increased from 35% in 2024 to 41% in 2025, while the proportion of SMEs that plan to increase headcount has decreased from 42% in 2024 to 36% in 2025.

Decimal points have been rounded up. The total may not add up to 100%.

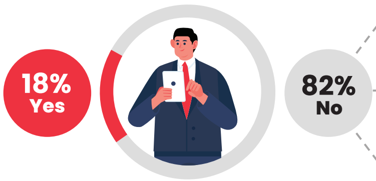
Section 4: **Workforce Skills Development**

Skills-First Hiring Yet to Gain Full Traction

Only 18% of businesses have fully adopted skills-first hiring practices. Among the businesses that did not fully implement skills-first hiring, the key barriers are uncertainty over whether candidates with adjacent skills are able to perform the tasks and the need for more training for a candidate with adjacent skills compared to one hired based on experience.

Key support measures needed include financial grants to implement skills-first hiring (44%) and skills-based recruitment portals for skills-matching between employers and job seekers (33%).

ADOPTION OF SKILLS-FIRST HIRING



TOP 3 BARRIERS TO ADOPTION

- **42%** — **Unsure if candidates** with adjacent skills are **able to perform the task**
- **32%** — **More training required** for a candidate with adjacent skills than one hired based on experience
- **30%** — **Difficult to implement skills-first** hiring practices than hiring based on work experience or educational qualifications

TOP 3 SUPPORT FOR ADOPTION

- **44%** — **Financial grants** to implement skills-first hiring
- **33%** — **Skills-first recruitment portals** for skills-matching between employers and job seekers
- **29%** — **Simplify** identifying, validating, and matching of skills with a **nationally recognised skills framework**

Implementation of Employee Training in P12M

2 in 3 businesses (66%) have trained/upskilled/reskilled their staff in the last 12 months, down from 71% in 2024.

66% have provided training to their staff in the P12M

- 61% structured training from **govt-related programmes**
- 67% structured training from **non-govt-related programmes**
- 78% **non-structured/informal training**

The top challenges to employee training are cost of training, and operational disruption due to limited manpower to cover for staff who are undergoing training.

TOP 5 CHALLENGES TO INVESTING IN TRAINING

- **48%** Concern about cost of training
- **48%** Limited manpower to cover for staff who are undergoing training
- **31%** Difficult to measure the Returns on Investment (ROI) on training programmes
- **31%** Concern that employees may leave before training yields benefits
- **27%** Training programmes are not tailored to industry or workforce needs

Implementation of Career Planning in P12M

About 1 in 3 businesses (31%) have provided career planning to their employees in the last 12 months.

31% have provided career planning in the P12M

- 11% structured planning
- 51% informal planning
- 38% both

Businesses that have offered structured career planning saw better employee morale, more effective workforce planning and higher retention rates.

KEY BENEFITS OF STRUCTURED CAREER PLANNING

- **77%** Better **morale & engagement**
- **62%** More **effective workforce planning**
- **58%** For higher **retention rates**
- **20%** Lower **attrition rates**

The key support needed for structured career planning include guidance on effective implementation and financial support.

- **46%** **Guidance** on **effective implementation**
- **43%** **Financial assistance** and subsidies
- **43%** **Provide subsidised training** on structured career planning
- **42%** **Financial assistance** to offset Business costs in other areas

Implementation of Job Redesign in P12M

30% of businesses have implemented job redesign in the last 12 months, mainly in uplifting productivity/innovation.

30% have implemented Job Redesign in the P12M

- 63% productivity/innovation
- 40% digitalisation
- 34% sustainability
- 15% internationalisation

The key challenge to job redesign is seen in employee resistance to change.

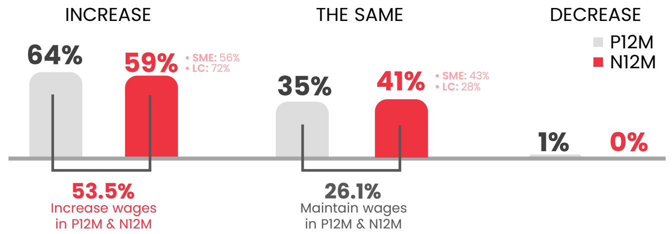
TOP 5 CHALLENGES TO JOB REDESIGN

Employees may be resistant to change	42%
Need to upskill staff to meet new or revised job scope	29%
The company **lacks the resources** for successful implementation	27%
It will **create job uncertainties** among employees	24%
Productivity challenges in the **initial stages** of implementation	23%

Decimal points have been rounded up. The total may not add up to 100%.

Section 5: Wage Policies & Support For Lower-wage Worker

N12M WAGE ADJUSTMENT FOR FULL-TIME EMPLOYEES

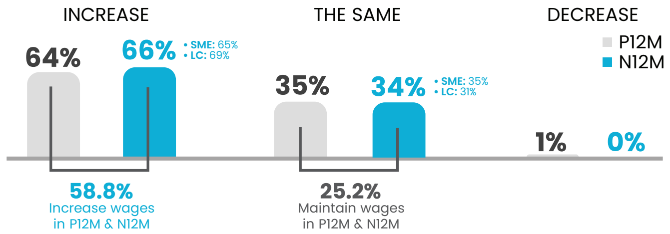


Subdued Outlook for Wage Growth in Next 12 Months

59% of businesses intend to raise wages in the next 12 months, down from 64% in 2024. More SMEs (43%) plan to hold wages steady as compared to large companies (28%).

Additionally, 53.5% of companies had increased wages in the last 12 months and will continue to increase wages in the next 12 months.

N12M WAGE ADJUSTMENT FOR LOW-WAGE EMPLOYEES



Steady Outlook for Wage Growth among Lower-Wage Employees

66% of businesses intend to raise wages for lower-wage workers in the next 12 months, up from 64% in 2024. 34% plan to keep wages steady, slightly down from 35% in 2024. More large companies (69%) plan to increase wages for lower-wage workers than SMEs (65%).

Adoption of National Wages Council (NWC) Guidelines

Nearly 2 in 3 businesses (61%) have adopted the 2024 National Wages Council's guidelines. Among 39% of businesses that have not adopted the guidelines, prioritising other business aspects of the company, lack of awareness or limited understanding of the wage guidelines and insufficient resources to implement the wage guidelines are the key barriers.

ADOPTION OF NATIONAL WAGE COUNCIL GUIDELINES

61% 64% 2024 — 36% 2024 **39%**

Have Adopted NWC Guidelines — **Have Not Adopted NWC Guidelines**

Application of guideline...

▶ **Among Employees who Have Done Well**

- **51%** Reward employees with built-in wage increases and variable payments
- **12%** Implement the FWS to reward employees whilst retaining wage flexibility

▶ **Among Employees who Have Not Done Well**

- **20%** Make greater efforts to improve business processes and productivity
- **15%** Exercise wage restraint with management leading by example
- **7%** Implement the FWS to enhance resilience

Reason of lack of adoption:

- **33%** Placing priority on other business aspects of the company
- **27%** Not aware or limited understanding of the wage guidelines
- **27%** Do not have enough resources to work on the wage guidelines
- **19%** Concern about high cost of implementing wage guidelines
- **13%** Concern about losing business competitiveness with wage increase
- **10%** Skills and productivity of workers do not justify wage increase

Cost Support Is Key to Driving NWC Guideline Adoption

Support required by businesses include financial assistance and subsidies and incentives to offset other business costs in other areas.

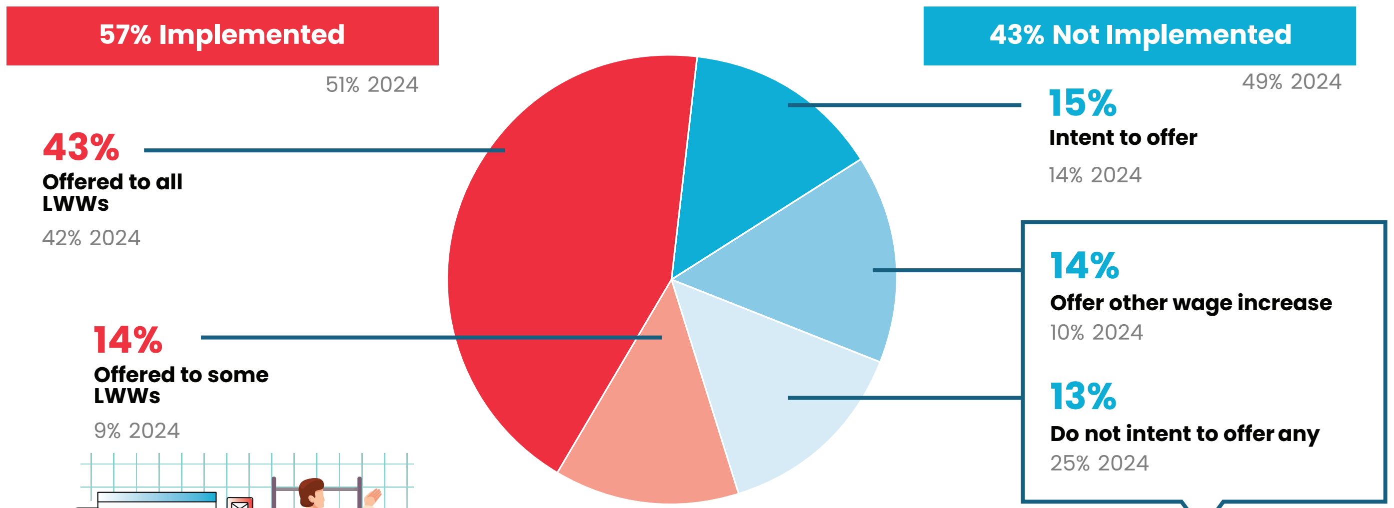
TOP 5 SUPPORT TO IMPLEMENT NWC GUIDELINES

43%	49% 2024	**Financial assistance** and **subsidies**
42%	51% 2024	**Incentives** to offset other business costs in other areas
41%	36% 2024	**More guidance,** technical and compliance support
29%	30% 2024	**Training programmes** to ensure skills and productivity justify the increase
22%	20% 2024	**Industry collaboration** to share best practices and experience

57% of Businesses Have Provided the Recommended Wage Increase for Low Wage Workers

57% of businesses have adopted the National Wages Council's recommended wage increase for lower-wage workers, up from 51% in 2024. The top reasons for not giving the recommended wage increase are paying lower-wage workers at market rate, the company not performing well, and concerns over the impact on business costs.

IMPLEMENTATION OF RECOMMENDED WAGE INCREASE FOR LOWER-WAGE WORKERS



REASONS FOR NOT GIVING THE RECOMMENDED WAGE INCREASE

- **42%** Paying LLWs' at market rate — 24% 2024
- **36%** Company not performing well — 25% 2024
- **34%** Business cost will be impacted — 19% 2024

Around 1 in 3 Businesses Currently Adopts the Progressive Wage Model

Progressive Wage Model (PWM) adoption among businesses has declined from 39% in 2024 to 32% in 2025. Among those who have adopted, high cost of adoption that impact business competitiveness and difficulties in finding time for workers to attend training are the top challenges.

ADOPTION OF PWM PRACTICES

- **32%** Have Adopted PWM — 39% 2024
- **4%** Planing to adopt — 7% 2024
- **10%** Do not plan to adopt — 7% 2024
- **54%** Not applicable to our business — 47% 2024

Key Implementation Challenges Faced

- **40%** **High cost** of progressive wage may affect costs and business competitiveness
- **29%** **Difficulty in finding time** for workers to attend training due to lack of manpower
- **12%** **Not sure where to seek support** and the support schemes available
- **12%** **Unsure where to access detailed information** and requirements for PWM
- **12%** **Difficulty in sustaining** the **reporting** requirements for PWM

Cost Support Is Key to Facilitating PWM Implementation

Apart from cost support, businesses asked for accessible and convenient training options, practical guidance on operationalising PWM and recognition for the business as an PWM employer.

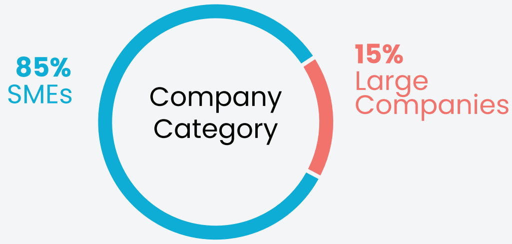
KEY SUPPORT TO MEET PWM IMPLEMENTATION CHALLENGES

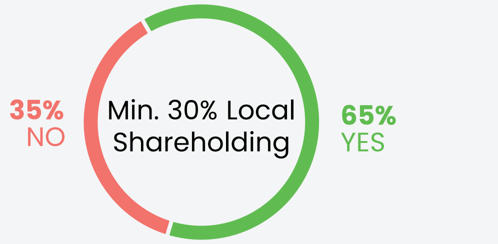
- **65%** More financial support schemes
- **36%** Accessible and convenient training for workers
- **35%** Guided support for companies implementing PWM
- **26%** Toolkits for PWM implementation
- **25%** Platform for providing feedback on adoption challenges
- **20%** Platform for sharing best practices
- **19%** Raise recognition, branding & benefits for user companies
- **17%** Central reference for PWM information, schemes & training

About SBF National Business Survey 2025

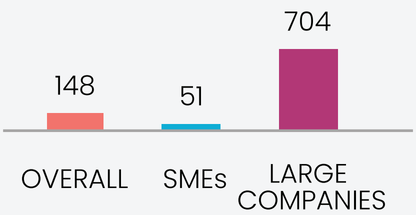
	SBF Database	Q2 2025
Wholesale Trade	20%	19%
Other Financial & Insurance Activities	14%	13%
Manufacturing	11%	14%
Professional Services	11%	12%
IT & Related Services	8%	6%
Construction and Civil Engineering	8%	10%
Banking & Insurance	7%	6%
Logistics & Transportation	5%	5%
Administrative and Support Service Activities	4%	4%
Retail Trade	3%	2%
Hotels, Restaurants & Accommodations	3%	1%
Real Estate Activities	2%	2%
Others*	1%	1%
Health and Social Services	1%	1%
Education	1%	2%
Other Service Activities	1%	2%
TOTAL	**100%**	**100%**

*Others (e.g. Agriculture and Fishing/Mining and Quarrying/ Water Supply, Sewerage, Waste management/Public Administration and Defence/Arts, Entertainment and Recreation/Electricity, Gas and Air-Conditioning Supply)

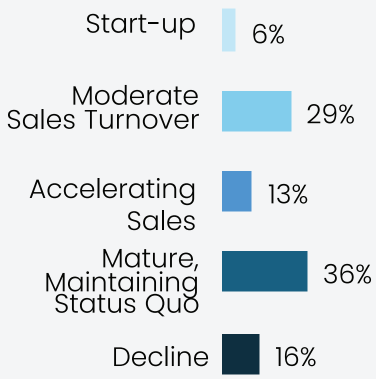




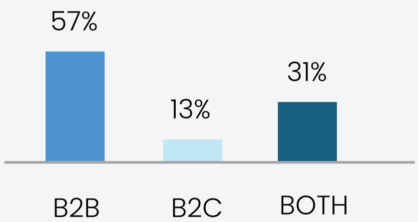
Avg. Employee Size



Stage of Development



Main Mode of Business



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If you require any clarification, kindly contact research@sbf.org.sg.

Conducted in collaboration with Blackbox Research